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THE WALL STREET JOURNAL.

# THE WALL STREET JOURNAL.

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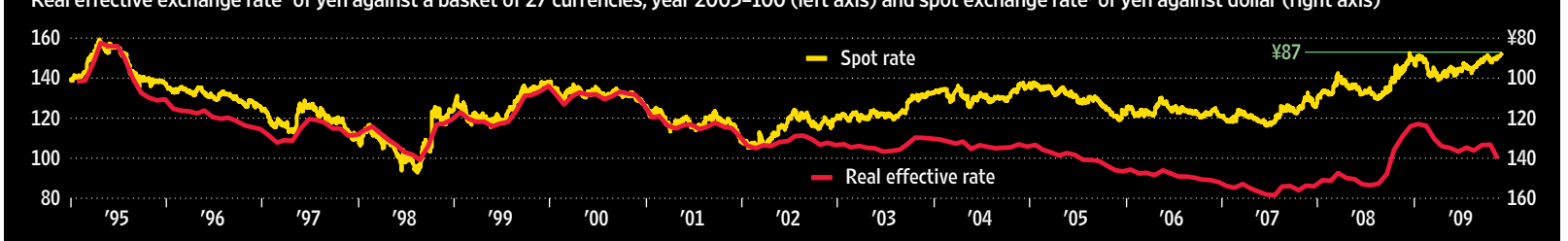
# Yen hits 14-year high vs. dollar

The U.S. dollar hit its weakest level against the Japanese yen in 14 years, complicating Japan's efforts to spark an economic recovery and underscoring the pressure felt around Asia to deal with the weak U.S. currency.

*By **Alex Frangos** in Hong Kong, and **Daisuke Wakabayashi** and **Takashi Nakamichi** in Tokyo*

**Separate ways** | The yen has appreciated faster against the U.S. dollar than against other currencies.

Real effective exchange rate* of yen against a basket of 27 currencies, year 2005=100 (left axis) and spot exchange rate† of yen against dollar (right axis)




* Inflation adjusted †Scale is inverted to show strengthening of yen
Sources: Bank for International Settlements (real effective rate), WSJ Market Data Group (spot rate); Bloomberg News (photo)

Some analysts expect the yen to continue to gain strength now that it has broken through its multiyear high. They point to moves by corporate Japan in recent years to insulate itself from currency fluctuations, as well as other trends that reduce the impact of a stronger yen on the ground in Japan. Both give the currency room to rise further.

"The situation is not likely to change anytime soon," said BofA Merrill Lynch Global Research analyst Tomoko Fujii. BofA Merrill Lynch reversed its forecast earlier this week that called for the yen to weaken against the dollar.

Japan now may face additional pressure to intervene in currency markets, a step it hasn't taken since 2004, as it contends with deflation. A stronger currency makes imported goods less expensive, bolstering the notion among consumers at home that prices will continue to decline.

The U.S. dollar fell during the Asian trading day to as low as 86.30 yen. The last time the dollar traded below 87 yen was July 1995. The dollar later gained strength, but only partly against the yen, and midday in New York was trading at 86.50 yen, down from 87.33 yen late Wednesday in New York.

The Asian trading day was marked by a flurry of central-bank interventions before the dollar gained strength later in the day. The Philippines, Thailand, Singapore and South Korea all appeared to sell currencies Thursday. Strong currencies make exports more expensive and reduce the value of overseas profits sent home.

Japanese Finance Minister Hirohisa Fujii said Thursday that the country is "at the stage of carefully monitoring" the situation, which suggests that he still may be several steps away from ordering yen-

*Please turn to page 14*

# China offers specific carbon targets

BY SHAI OSTER

BEIJING—China unveiled targets to slow its carbon emissions and said Premier Wen Jiabao would attend the global climate-change summit in Copenhagen next month, a day after Washington laid out concrete U.S. emission targets for the first time and announced that President Barack Obama would join the meeting.

But China's widely expected offer falls short of a cap on emissions. The Chinese State Council, or cabinet, said Thursday that China would aim to cut carbon intensity—the amount of carbon-dioxide emissions per unit of gross domestic product—by a range of 40% to 45% by 2020.

The move would be a "binding goal" incorporated into the country's mid- and long-term development plans, the cabinet said.

Agence France-Presse/Getty Images

Riders maneuver their motorcycles in heavy fog in Hefei, in east China's Anhui province, on Wednesday.

China and the U.S. are the world's largest emitters of greenhouse gases and have wrangled for years over who should shoulder more of the burden of cutting emissions.

At Copenhagen, Mr. Obama intends to propose that the U.S. cut its greenhouse-gas emissions by 17% below 2005 levels by 2020, and by 83% by 2050. It marks the first time the Obama administration has formally offered specific commitments.

The Chinese targets will add to the momentum to achieve some kind of agreement at the Copenhagen summit. But because they are only a pledge to cut relative levels of emissions—not a promise to cap or cut back total greenhouse gasses from current levels—some observers feel they won't be enough to get more than a political commitment from the meeting instead of a binding international treaty.

Still, the Chinese move is significant, representing the first time that China has spelled out its goals for slowing carbon emissions.

The United Nation's top climate negotiator, Yvo de Boer, said in a statement he welcomes both the U.S. and the

*Please turn to page 14*

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# PAGE TWO

## What's News—

* * *
*Business & Finance*

■ **India's Central Bureau** of Investigation said the accounting fraud at Satyam is now estimated at $2.56 billion, much larger than the amount estimated by regulators initially. But an executive at the software exporter said it doesn't expect any additional liability from the investigation. **18**

■ **Aluminum producer Rusal** is on track to hold its IPO by the end of 2009 despite the Hong Kong stock exchange's listing committee postponing its decision on the listing until Dec. 3. **18**

■ **AIG said it agreed** to settle all legal disputes with former chairman Hank Greenberg, former CFO Howard Smith and two companies headed by Greenberg. **3**

■ **Sony said it sees** 3-D compatible televisions accounting for up to half of all the TVs sold by the company in three years. **17**

■ **Apple's iPhone will go on sale** Saturday in South Korea, where the government raised trade barriers on smart phones to protect domestic manufacturers and carriers for several years. **17**

■ **South Korea's central bank** widened its annual inflation target band, giving it greater flexibility in using monetary policy to cope with economic uncertainty. **4**

■ **Guangdong Nuclear Power** says its uranium needs will jump to 10,000 tons a year in 2020 from 2,000 tons this year as it opens new power plants. **15**

■ **Daiwa Securities** will invest $1.15 billion to expand its operations in Asia outside Japan and is looking to hire up to 470 people in the next two to three years. **21**

■ **Persian Gulf bonds tumbled** and the cost of insuring against default across the region jumped a day after the government of Dubai said it would ask to postpone debt of its corporate flagship Dubai World. **19, 28**

Reuters

Agents of the Philippine National Bureau of Investigation escort Andal Ampatuan Jr., a local town mayor who surrendered Thursday to authorities for questioning over the country's worst act of political violence, upon his arrival at the Villamor Air Base in Manila.

■ **Asian shares fell**, with the strong yen hurting exporters in Tokyo, while capital-raising worries and a disappointing Hong Kong debut for Minsheng Bank hurt Chinese banks. **20, 23**

■ **Anthony Bolton**, a star money manager from Fidelity, is canceling retirement to launch a fund focused on companies exposed to Chinese consumers. **21**

■ **BHP Billiton's chief executive** said market sentiment has improved in the past month and demand from the Chinese steel sector is surprisingly strong. 16

■ **The London Stock Exchange** resumed share trading Thursday afternoon after suspending it for more than three hours due to a technical glitch. **22**

■ **Tata Steel posted** a consolidated net loss for the second quarter on a weak performance of its Corus subsidiary. **16**

* * *
*World-Wide*

■ **The primary suspect** in the Philippines' worst political violence surrendered to authorities for questioning. **7**

■ **Top European officials** will visit China this weekend to press authorities to allow the yuan to rise against the euro. **9**

■ **An EU business group** warned that China's stimulus investment may swamp world markets and lead to a rise in trade conflicts. **4**

■ **The head of the IAEA said** the probe of allegations that Iran tried to make nuclear arms is at "a dead end" because Tehran isn't cooperating and warned that confidence in the country had dwindled over its recent actions.

■ **Taiwan raised** its 2009 and 2010 economic forecasts after GDP contracted at its slowest pace in a year in the third quarter.

■ **Growth in the Philippine** economy slowed in the third quarter as the industrial sector shrank.

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A recent poll showed voters really like Obama personally, but his policies, not so much.

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WORLD NEWS

# AIG ends its battle with Greenberg

*Decision opens path for insurer's CEO to tap his expertise*

By Serena Ng

**American International Group** Inc. agreed to settle its disputes with former chief executive officer Maurice R. "Hank" Greenberg, clearing the way for further reconciliation between the insurer and its longtime leader.

The agreement, announced Wednesday, effectively ends four years of battles and barbs between AIG and Mr. Greenberg. They fought over money the company claimed Mr. Greenberg owed it, how AIG was being run and items Mr. Greenberg wanted to reclaim from AIG's lower Manhattan headquarters. He left in 2005 amid an accounting investigation by the New York attorney general.

AIG said it agreed to resolve all its pending disputes with Mr. Greenberg, former chief financial officer Howard Smith and two companies Mr. Greenberg leads, **C.V. Starr** & Co. and **Starr International Co.** Inc. Both sides agreed to dismiss all the lawsuits and claims they had filed against each other, and not to disparage each other publicly.

As part of the settlement, AIG agreed to drop a $1 billion claim against Mr. Greenberg and reimburse up to $150 million for past legal fees and expenses incurred by Messrs. Greenberg and Smith. An independent lawyer, former U.S. judge Layn Phillips, was selected to determine which fees AIG is "legally obligated to pay."

The company will also return to Mr. Greenberg a Persian rug that used to be in the anteroom of AIG's boardroom and photographs of him with Chinese leaders and AIG founder Cornelius Vander Starr. It will let him access certain corporate records and archival materials that would enable him "to write his memoirs," AIG said in a filing.

Wednesday's agreement between AIG and Mr. Greenberg doesn't affect ongoing litigation between Mr. Greenberg and the New York attorney general's office, a person familiar with the matter said.

In 2006, AIG reached a settlement with the New York attorney general's office over its accounting investigation, which was brought by then-Attorney General Eliot Spitzer and precipitated Mr. Greenberg's 2005 departure.

Mr. Greenberg denied the charges against him, some of which have been dropped, and he has been fighting the case.

AIG's current CEO Robert Benmosche said in a statement that the agreement "will remove a significant distraction and expense and allow AIG to better focus its efforts on paying back taxpayers and restoring the value of our franchise."

Mr. Greenberg said in the same statement that he is looking forward "to assisting AIG in trying to preserve and restore as much value as possible for all of AIG's stakeholders."

AIG's directors approved the settlement at a board meeting Tuesday. The agreement with Mr. Greenberg was signed on Wednesday, according to a person familiar with the matter.

Before Mr. Benmosche joined AIG in August, the former MetLife Inc. chief had sought advice from Mr. Greenberg, a person familiar with the matter said.

In an interview with The Wall Street Journal in August after he took the job, Mr. Benmosche said he would like to be able to consult Mr. Greenberg on issues surrounding valuations of AIG's businesses.

"When I encounter a complicated situation, I'd like to be able to share that with him. He won't have any problem tell me what he's thinking," Mr. Benmosche said.

Mr. Greenberg, 84 years old, has been a vocal critic of some aspects of the U.S. government's rescue of AIG, which gave taxpayers a controlling 80% stake in the insurer in September 2008. The bailout package now amounts to as much as $182.3 billion.

Getty Images

Maurice Greenberg, shown in April, says he looks forward to helping AIG.

Mr. Greenberg has argued against fire sales of the company's assets and for rebuilding its global insurance franchise to improve AIG's chances of paying back the roughly $90 billion it owes taxpayers. The last few months have seen Mr. Benmosche adopt a similar approach, slowing some asset sales and trying to improve the company's fortunes.

Separately, AIG on Wednesday evening released details of 2009 pay packages for two senior executives whose packages were among the 13 approved in October by the U.S. pay czar.

AIG Chief Financial Officer David Herzog would receive annual cash salary of $350,000 and stock salary of $3.1 million, and is eligible for $833,333 in long-term incentive awards if 2009 performance goals are met. Kristian Moor, who heads AIG's main property-casualty insurance unit, would be paid 2009 cash salary of $450,000, annual stock salary of $4.7 million, and could earn a $2 million long-term incentive award.

The cash salaries for both individuals were down roughly 50% from 2008 amounts.

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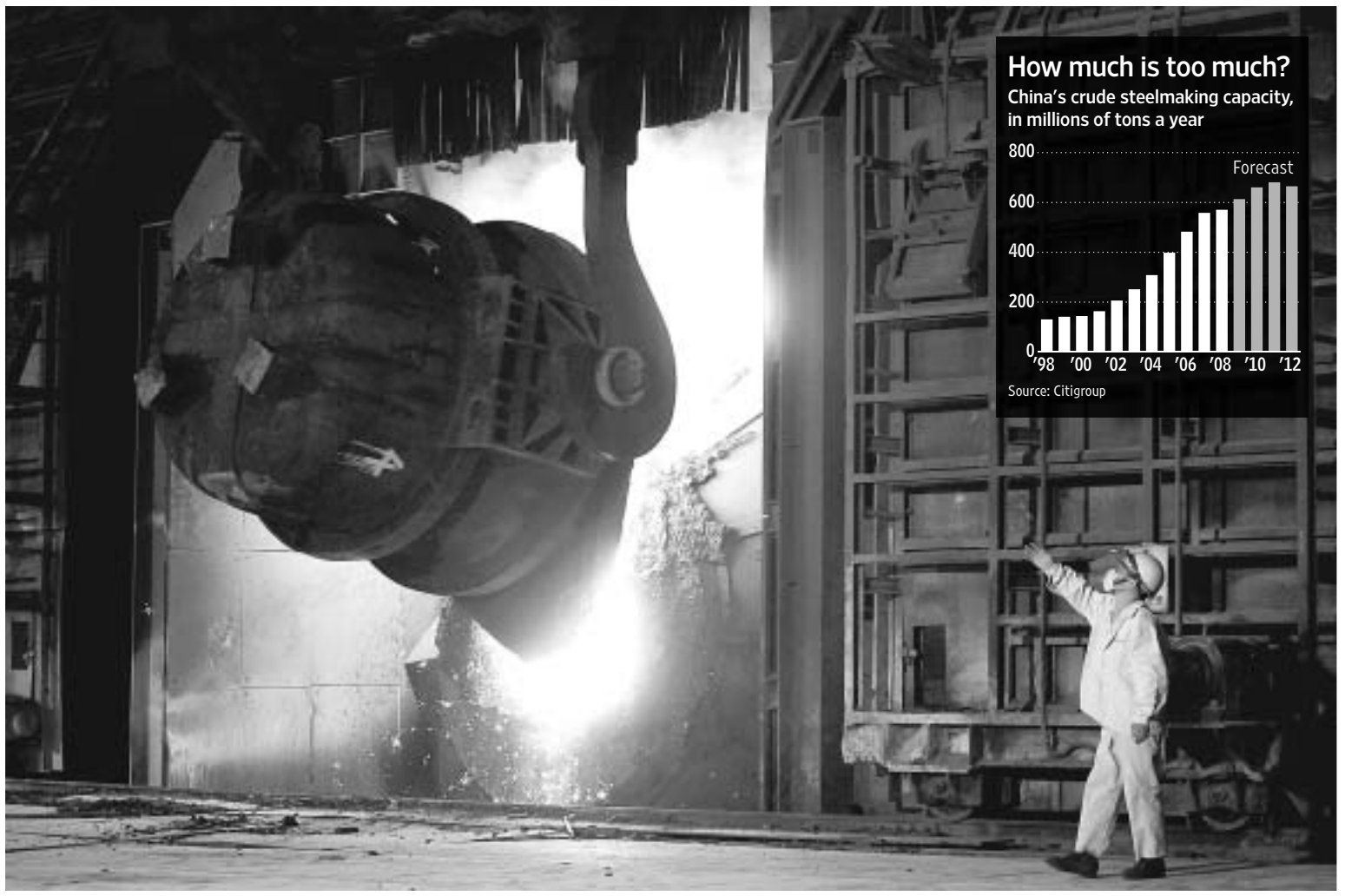
# China stimulus plan prompts warning

*EU Chamber of Commerce says industrial investment may end up swamping world markets and increasing trade conflicts*

By Andrew Batson




Associated Press

BEIJING—The new investments funded by China's stimulus plan may swamp world markets and lead to a surge in trade conflicts, an international business group said, in a sign of the rising concerns over the side effects of the government's drive to support growth.

The European Union Chamber of Commerce in China, in a report Thursday, said a combination of easy credit and other incentives for Chinese companies to expand has led to the construction of new factories in areas such as steel, aluminum, cement and chemicals. China's increase in industrial capacity—at a time of global economic weakness—could drive down profit margins world-wide and lead to a backlash from other countries, the chamber said.

"The Chinese stimulus package has poured credit into increasingly questionable projects and will almost certainly increase direct and indirect subsidies to investment and manufacturing," the report says. "China's growth model requires that external demand—the European Union and the United States—be able to absorb the overcapacity it produces," a prospect that is increasingly unlikely given the weak economic recovery in the developed countries. The chamber urged the U.S. and EU to encourage China to change its policies to prevent an eruption of trade disputes, which already are rising.

The chamber of commerce represents businesses that could benefit if there were less competition from Chinese factories. But many analysts believe that China's massive expansion of industrial capacity is tied to broader economic problems, like its persistent trade surpluses, high national savings rate and enormous foreign-exchange reserves.

China's government has also increasingly focused on the risks from the boom in bank loans and public-works projects. In recent months Beijing has announced restrictions on new investment in sectors it has identified as having excess capacity, and regulators have quietly moved to cool down the surge in bank lending.

"In many sectors the problems of excess capacity and redundant construction are still very serious, and in some areas they are even worsening," China's State Council said in September. "It is not only traditional industries like steel and cement that are blindly expanding, but also new industries like wind-power equipment and polycrystalline silicon."

For instance, the government estimates that new steel mills capable of producing 58 million metric tons a year are now under construction—even though the industry's annual capacity, at 660 million tons last year, already exceeded domestic demand of around 500 million tons. Cement capacity is on track to reach 2.7 billion tons a year, against forecast demand of 1.6 billion tons, the government says, and methanol plants are operating at just 40% of capacity.

It has long made sense for Chinese companies to build more factory capacity than is immediately needed, since the country's rapid growth allows demand to quickly catch up with supply. What is excess supply one year may not be enough by the next year. And so the recovery in China's economy this year has encouraged companies to invest in expanding markets.

Steel production, for instance, has broken one record after another as demand from construction recovered strongly. Thomas Wrigglesworth, an analyst at Citigroup, said the government actually planned much of the new steel capacity before the stimulus, in order to replace outdated mills with more-modern facilities. "What's more worrying is that the closure of small and inefficient capacity hasn't really taken place," he said.

Rather than shutting down small steel producers, local governments often encourage them to expand to become more competitive. The chamber's report identifies a number of such systemic inefficiencies that encourage China's continued expansion of factory capacity. Many economists agree the economy has a bias toward investment, while noting that it's difficult to tell whether what looks like excess capacity now will turn out to be unneeded in the future.

"I think if one takes a static view, one tends to exaggerate the underlying problem. One has look at the demand side of the equation," said Wang Qing, an economist for Morgan Stanley. But Chinese companies do have large savings and easy credit, enabling them to quickly pile into new investments. "Whenever a profitable opportunity arises, there tends to be tons of money flowing into that sector, and increased supply results in compressed margins," he said.

# South Korea widens annual inflation target band

By In-Soo Nam

SEOUL—The South Korean central bank widened its annual inflation target band, giving it greater flexibility in using monetary policy to cope with economic uncertainties.

The decision, announced Thursday, suggests the Bank of Korea is unlikely to raise its key interest rate from the current record low level until well into 2010, economists said.

The central bank is targeting annual inflation of between 2% and 4% for the three years starting 2010, wider than the 2.5%-3.5% range it had set for the three-year period of 2007 to 2009, the BOK said after a monetary policy committee meeting.

"As the experience during last year showed, a narrow scope of the target has limited the central bank's leeway in operating its monetary policy," the BOK said in a statement. "Following the latest global financial crisis, uncertainties have heightened and will continue to do so in the coming years."

Bloomberg News

The Bank of Korea headquarters in Seoul. The central bank on Thursday gained greater flexibility in using monetary policy to cope with economic uncertainties.

As a result, the BOK said it will aim to control inflation at around 3% and has set a tolerance margin of one percentage point above or below that level.

The current target is also about 3%, but with a margin of 0.5 percentage point permitted on either side.

The central bank, which sets what it calls a midterm inflation target every three years after consultations with the government, said it will review the target on an annual basis without significantly changing the three-year band.

"If a need arises to adjust the inflation target owing to factors such as unexpected foreign and domestic economic shocks, or changes in economic conditions, it'll be reset in consultation with the government," it said.

The BOK said the band has been widened to allow it to better respond to increased volatility in prices and doesn't signal any change in its monetary policy. "Despite the expansion of the range, we'll continue to try to keep inflation around 3% going forward," the central bank said.

However, some economists said the expanded target range suggests that the BOK won't raise the benchmark interest rate anytime soon Kwon Young-sun of Nomura changed his forecast of when the rate will begin rising to June from January. But he maintained his call for a total of 1.5 percentage points in rate increases to 3.5% by the end of next year from the current 2%.

Patrick Bennett of Societe Generale said the BOK's decision may allow for further appreciation of the won as a hedge against inflation.

"We forecast South Korean inflation to reach 4.0% in the third quarter next year and for the BOK to respond with rate hikes to 3%. But in the near-term, we continue to expect the BOK to be willing—in fact encouraging in some cases—of moderate currency strength as a counter to hiking rates too early in the recovery cycle," he said in a research note.

The won has gained 39% against the dollar since early March. *—Jin-Young Yook contributed to this article.*

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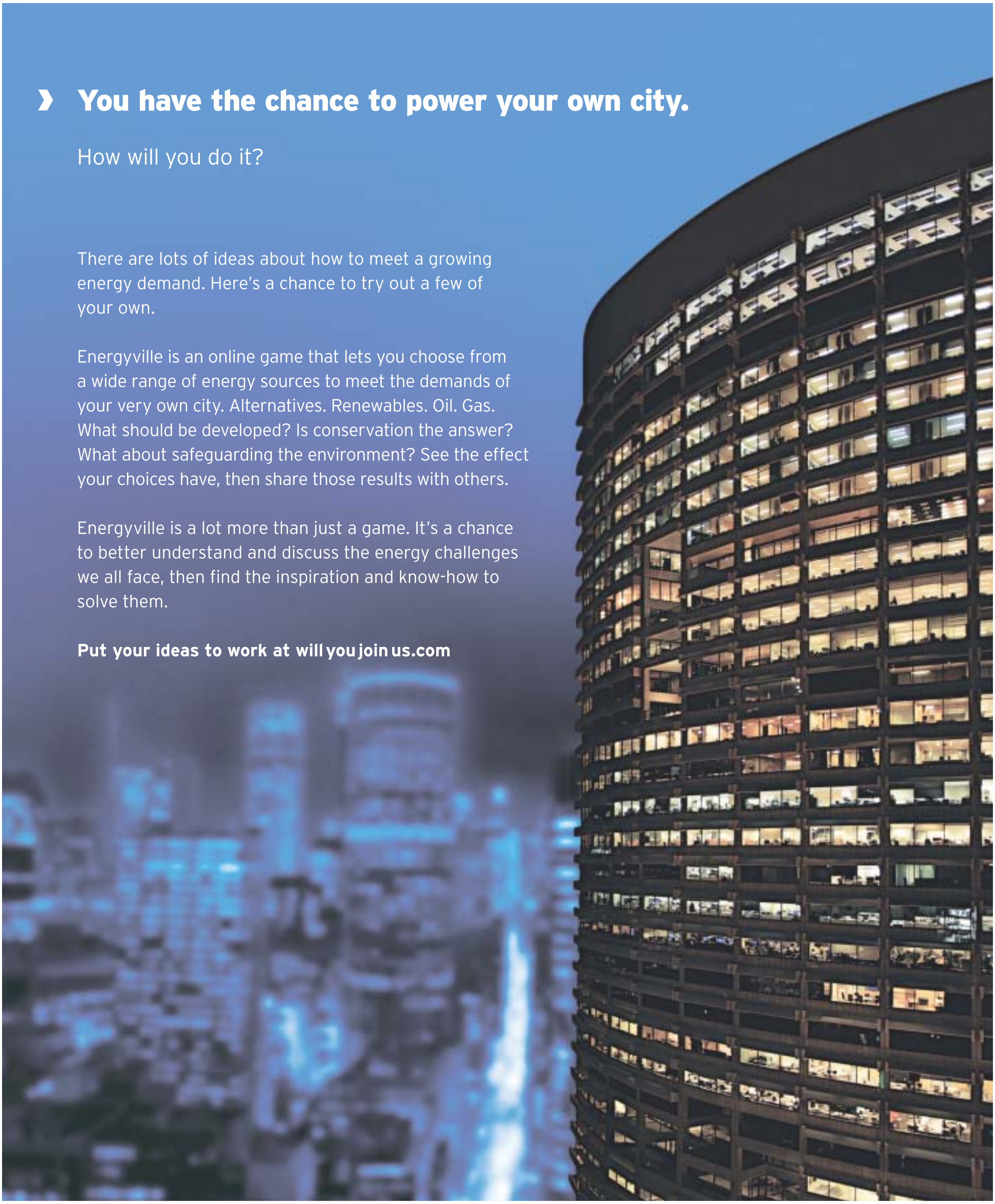

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Sanjit Das for The Wall Street Journal (2)

Rabbi Avraham Berkowitz escorts children through the scarred Chabad House Jewish center, one of the sites of the 2008 attacks in Mumbai. The center held a memorial on the anniversary of the strikes.

# Mumbai marks attacks' anniversary

*One year after terrorists claimed 166 lives, city's residents soldier on but many say authorities should step up defenses*

By Geeta Anand And Arlene Chang

MUMBAI—Railway sub-inspector P.S. Patil patrolled Mumbai's largest train station on Thursday, the one-year anniversary of the terrorist attack that brought him and this city to their knees.

Like most Mumbaikers, Mr. Patil, who was shot in the leg that day, feels better prepared now but more fearful. Yet he says he is determined to soldier on. The 53-year-old inspector carries a gun in his belt; a year ago he stood unarmed before a ticket counter as a terrorist pumped a bullet through his left thigh.

"I still fear at any moment the terrorists will come around the corner again," Mr. Patil said. "But I will do my duty and not shy away from any terrorists who come in here."

With art exhibits, candlelight vigils and parades—and by frequenting the sites of last year's unimaginable violence—the citizens of Mumbai tearfully and defiantly remembered the attacks that killed 166 people and wounded many others. Ten AK-47-wielding men arrived by boat and attacked the Chhatrapati Shivaji Terminus train station, two luxury hotels, a hospital, a café and a Jewish center. The lone surviving gunman, Mohammed Ajmal Kasab, is on trial in Mumbai.

A vendor sells toy commandoes outside the Taj Mahal Palace & Tower in Mumbai.

On Thursday, while Mumbaikers mourned those who died, some expressed anger against authorities who they felt were still not adequately prepared to defend their city. Images of cane-carrying police officers facing the terrorists' semi-automatic weapons remain in the public memory. Some of the police department's top brass were shot dead in a vehicle that wasn't bulletproof. The hostages taken at the Taj Mahal Palace & Tower and Oberoi-Trident hotels had to wait until commandoes in Delhi were flown to Mumbai to begin the rescue attempt.

City and state police held a morning parade to show off their new weaponry and training outside the Oberoi-Trident hotel complex, which the terrorists held hostage for 40 hours.

Black-clad commandoes marched and new, bulletproof combat mobiles, amphibious vehicles and tear-gas-equipped vans rolled down the street. Several commandoes, fresh from six months' training, rappelled down buildings as city and state politicians looked on.

The night before the one-year anniversary, students painted murals along a wall in the heart of Mumbai.

"I still feel very angry with government and the police," said Akshita Gada, 19, who painted a shattered police car beside a terrorist's pristine vehicle.

"Security is given to Kasab. Why not us?" she had written, referring to Mr. Kasab, who remains under police protection in jail.

Shraddha Sheth, 21, said she came to the wall because it expressed her rage and she couldn't bear to watch the television coverage of the anniversary of the attack.

"These paintings are a slap in the face of the police force," she said, growing tearful. "The city is still not safe, even though city officials say it is."

A poignant memorial was held by the Jewish Orthodox Chabad-Lubavitch movement at the Nariman House, where terrorists killed Rabbi Gavriel Holtzberg, his wife and several others after a long standoff with commandoes. The couple's nanny escaped carrying their then 2-year-old son, Moshe, who now lives in Israel.

Moshe's grandfather, Rabbi Shimon Rosenberg, returned to the Chabad House Thursday for the candle-lit anniversary memorial organized by the Chabad leadership. Unlike the hotels, where evidence of the violence has been cleaned and covered, Nariman House remained almost as it did when the two terrorists were finally killed.

Bullet marks covered almost every inch of wall and ceiling space on the fourth floor, where the rabbi's family had their quarters.

"Every inch of the Chabad House brings back memories of my daughter," Mr. Rosenberg said, as he stood in the doorway of Moshe's room. His grief, he says, makes him feel close to Indians.

"We're united in our pain and resolve," he said. "India is now my extended family."

# Philippine assault suspect surrenders

*Clan leader to face multiple murder charges, prosecutor says, in country's worst political violence, which killed 57*

By James Hookway

A prominent clan member who emerged as the primary suspect in the massacre of at least 57 people in the southern Philippines this week surrendered Thursday to authorities for questioning over the country's worst act of political violence.

Andal Ampatuan Jr., a local town mayor, turned himself in to presidential adviser Jesus Dureza after two days of negotiations. He told reporters that he didn't play any role in Monday's killing of members of a rival political clan and 18 journalists as the group prepared to file candidacy papers for a rival politician, Ismael Mangudadatu, for a gubernatorial election in strife-torn Maguindanao province.

Prosecutors late Thursday said they expected to file multiple murder charges against Mr. Ampatuan Jr. on Friday, according to news reports. Chief State Prosecutor Jovencito Zuno said he instructed his staff to work overnight to be able to meet a 36-hour legal deadline for filing charges. According to the Associated Press, Mr. Zuno expects the charges to be filed in Cotabato City, which is closest to the massacre site, but the trial would take place in Manila.

The Associated Press reported Mr. Ampatuan Jr., who is the son of former Maguindanao governor Andal Ampatuan Sr. and was widely expected to face Mr. Mangudadatu in May's election, as saying "there's no truth" to allegations he orchestrated the killings. "The reason I came out is to prove that I am not hiding and that I am not guilty," he said.

His surrender came as Philippine President Gloria Macapagal Arroyo faces sustained pressure to end the government's widespread reliance on loosely controlled militias and powerful political clans to help govern the southern Philippines and create buffer zones to constrain the spread of Muslim and Communist insurgencies in the region.

Some of the clan families have managed to co-opt local militias originally raised to help the official armed forces combat the insurgents in the region. Armed forces Thursday disbanded one 200-strong militia that was under the command of the powerful Ampatuan clan, which were members of Mrs. Arroyo's political party until they were expelled Wednesday night. Six local police officers suspected of ties to the family have been detained, although it isn't yet clear if any detainees will be formally charged for the killings. Prosecutors said they need to continue their investigation before making that decision.

Political analysts say it could take time to roll back the power of local militias and political clans in the region. Many have helped campaign for pro-government candidates in elections as well as running for office themselves.

United Nations Secretary-General Ban Ki-moon, the U.S. ambassador to the Philippines and several human rights groups have urged Mrs. Arroyo to quickly bring the attackers to justice, and Mrs. Arroyo on Wednesday pledged to act decisively, describing the massacre as "a blight on our nation."

Some 17,800 local and national posts will be decided in May, including a contest to replace Mrs. Arroyo, who will step down because of term limits. Concerns are mounting about the security of those polls.

The Philippine military is hard-pressed to cope with the Muslim militants and Communist guerrillas who have been active in the southern Philippines for decades. The region is also a breeding ground for al-Qaeda affiliated groups, including the Abu Sayyaf group and the Indonesia-based Jemaah Islamiyah, which have joined forces in the campaign to create an Islamic state across Malaysia, Indonesia and the southern Philippines.

U.S. troops have been helping train Philippine soldiers in some parts of the region where Abu Sayyaf is active, but the Philippine government prevents U.S. soldiers from getting involved in the conflict with other Muslim rebel groups because it is currently pursuing peace negotiations with them.

Philippine police and army officials, meanwhile, say they are examining witness reports alleging that Mr. Ampatuan Jr. stopped the Mangudadatu convoy and ordered them killed. Mr. Mangudadatu's wife and family were slain in the ambush, but he was in Manila at the time.

By Wednesday evening, officials said they had recovered 57 bodies in a shallow grave along the roadside near the provincial capital of Shariff Aguak. Police say they don't expect to find any further bodies.

European Pressphoto Agency

Andal Ampatuan Jr., center, the primary suspect in Monday's Philippine massacre, is escorted at a military air base Thursday.

Reuters

A family member mourns during a funeral in Buluan town for five members of the Mangudadatu political clan who were among those massacred Monday.

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EAST END AVENUE
**East 80s.** 4 bedrooms above Gracie Mansion. 1,600 SF+ terrace, 10' ceilings, huge windows, fantastic corner eat-in kitchen. Stunning river & city views throughout. $10.5M **WEB# 1863922**
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**Gracie Square/East 84th St.** Grand and elegant home with 5 bedrooms plus library and 2 staff rooms in sought after prewar co-operative. Direct views of East River and Carl Schurz Park. Abounds in architectural detail. 3 wood burning fireplaces, washer/dryer. $7.995M **WEB# 1846398**
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**East 67th St.** Private floor, 95' living room/dining room, 10' ceilings, 2 fireplaces, 50' terrace, 5" oak floor, Poliform kitchen, light/air conditioning/audio system. Full service + garage. $7.785M
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**Amy Katcher 212.875.2894**

7 ROOMS WITH PARK VIEWS
**5th Ave.** Living room, library, formal dining room, 2 bedrooms/2.5 baths, window eat-in kitchen, staff room/bath. All face Central Park. High floor, excellent condition, full service white glove postwar co-operative. Washer/dryer, central air conditioning, garage, no pets. $6.9M **WEB# 1851806**
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BARBIZON 3 BEDROOM CONDO
**East 63rd St.** 6 rooms. White glove building, prewar 3.5 baths, 2 terraces, views north/east/west, 2,500 SF+, chef's kitchen, beautiful details, Crestron system, storage, health club. $6.2M **WEB# 1668428**
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**East 74th St.** Beautifully renovated 3 bedroom/3 bath with 2 terraces & pretty views. Living room with wood burning fireplace, dining room, huge open chef's kitchen, media room, office, terrific north/east/south light. $4.95M **WEB# 1898889**
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**Third Ave.** 2,000 SF+ now 3 bedroom/3 bath, flex layout. Double living room, granite & stainless steal kitchen, marble bath with jacuzzis, excellent closets (California) + breathtaking views. $1.749M
**WEB# 1903759**
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**Madison Ave/East 37th St.** Sun-filled corner 2 bedroom/2 bath atop coveted prewar doorman building. Great views, 10' x 35' terrace, 10'ceilings, washer/dryer, 8 large closets, pets allowed, low maintenance. $1.595M **WEB# 1565375**
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**East 80s.** Triple mint. 1,600 SF+/-. 3 bedroom/2 bath + den, home office, large laundry closet & 2 balconies. Full service, postwar, co-op with garage. East exposure. Ask $1.425M **WEB# 1490919**
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**John Gasdaska 212.821.9138**

NOT TO BE MISSED
**East 50s.** 3 bedroom/2 bath. Standout in Beekman area. No detail left untouched. Chef's kitchen, washer/dryer, marble bath, garden views, full service building. $1.195M **WEB# 1512791**
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GREAT MURRAY HILL CONDO
**Murray Hill.** Beautiful 2 bedroom/2 bath with large gracious layout. Living room & dining alcove are lined with a wall of windows. North & south exposures. $999,500 **WEB# 1529115**
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CONDO 2 BEDROOM MINT
**East 90s.** Prime Carnegie Hill location, best building, open views, mint condition, unique. Central air conditioning. North exposure. Close to all. $989K
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**Fabienne Lecole 212.360.2294**

SUTTON AREA BEAUTY
**East 50s.** 4.5 rooms 2 bedroom/2 bath. Mint & sunny renovated co-op with new kitchen & baths, open views, roof deck, garage, pets allowed, alcove can be office/3rd bedroom. $1,749 maintenance. $949K
**WEB# 1895311**
**Beth Lowy 212.875.2863**

NEW LISTING
**East 72nd St.** Mint 1 bedroom with dining alcove, private balcony in full service co-op. Garden views, large closets, renovated kitchen/bath/washer/dryer. Roof terrace/gym/garage. Pets permitted. $785K
**WEB# 1903598**
**Barbara Connolly 212.821.9133**

TOWNHOUSE + CARRIAGE HOUSE
**East 61st St.** Rare Treadwell Farms historic district mix use property with unlimited live-work potential. Recent renovation through-out and central location makes this a great opportunity. $24,000/Month.
**WEB# 1546900**
**Douglas Albert 212.444.7940**
**Steve Friedman 212.875.2994**

THE LUCIDA/ FOR RENT
**East 80s.** New loft home in premier new building. 3 bedroom/3 full baths with open island kitchen. 30' terrace, La Palestra spa, pool. Immediate. $19,500/Month. **WEB# 1864607**
**Robb Saar 212.848.0477**

MANHATTAN RENTAL DEAL
**East 80s.** Best deal on Upper East Side, convertible 3 bedroom/extra large 2 bedroom, bright open views with 2 terraces, washer/dryer, pool, gym and garage in full service condo. $4,900/Month.
**WEB# 1887850**
**Sungwon Hwang 212.360.1667**

## *Manhattan's West Side*

UNIQUE DUPLEX PH, SPECTACULAR VIEWS
**West 72nd St.** 11 into 7 rooms, north, south and west exposures, architecturally designed one-of-a-kind penthouse surrounded by terraces & balconies. Grand living room with wood burning fireplace, library with wood burning fireplace, gourmet kitchen, formal dining room, 3 master bedrooms & 3.5 baths. Luxury full service condo with health club and pool. $4.495M
**WEB# 1848045**
**Joan C Billick 212.848.0474**

PARK FRONT-GRAND VIEWS
**Central Park South.** Over 42' of park frontage from this mint condition 2 bedroom, 2.5 bath home in white glove building. Washer/dryer. North and south exposures. $4.45M **WEB# 1880461**
**Stuart Moss 212.821.9140**

THE BERESFORD
**Central Park West/West 80s.** Gracious layout with grand foyer, 2 bedroom/2 bath, large living room, wood burning fireplace, huge chef's kitchen, high ceilings, original details, washer/dryer. Fabulous white glove prewar building. $3.275M
**WEB# 1872184**
**Abby Levine 212.836.1011**

SPECTACULAR VIEWS
**Riverside Boulevard.** 2 bedrooms, 2 bath spacious home with split bedrooms, dining area and forever views from high floor. Well established luxury condo with every amenity plus garage. $2.285M
**WEB# 1895680**
**Enma Baron 212.875.2868**
**Wendy Stark 212.875.2846**

LINCOLN CENTER LOFT
**West 64th St/Central Park West.** Park block 2 bedroom/2 bath loft in mint condition. Private elevator, gated drive, full service, white glove building. $1.995M **WEB# 1865902**
**Stuart Moss 212.821.9140**

59TH FLOOR 2 BEDROOM MIDTOWN
**West 42nd St.** Life at the top. Spectacular 59th floor brand new 2 bedroom home at Orion. Spectacular city and river views. Pool spa gym. Low charges. $1.89M
**WEB# 1883890**
**Charlie Attias 212.605.9381**

EXCEPTIONAL VIEWS
**West 70th St.** 2 bedrooms. Spectacular views of historic Central Park, Upper West Side and Downtown. Exceptional high floor corner home with top notch kitchen. $1.595M **WEB# 1900133**
**Brian Rice 212.444.7969**

THE PERFECT HOME
**Central Park West.** 4.5 rooms. Come home to this beautifully proportioned 2 bedroom/2 bath, with large eat-in kitchen, 2 marble baths, lovely prewar detail, 6 big closets. Low maintenance. A gem. $1.495M **WEB# 1161137**
**Alan Berger 212.875.2842**

JUST OFF CENTRAL PARK
**West 67th St.** Pied-a-terres welcome. Steps from Park, Lincoln Center & Columbus Circle. Romantic home with huge leaded glass window, wood burning fireplace. $1.35M **WEB# 1598000**
**Marie Schmon 212.360.1650**

TRIPLE MINT
**West 69th St.** Triple mint, high floor, corner 2 bedroom home located on arguably the best park block in the west 60's. Exceptional property. $1.295M
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**Brian Rice 212.444.7969**

HARRISON'S BEST DEAL
**West 76 St. 3 rooms.** Great opportunity for best 1 bedroom deal at The Harrison. Brand new, never lived in, luxury full service building. Prime location at low price per square foot. $1.195M **WEB# 1873666**
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**Hayim Nommaz 212.539.4970**

A LEGENDARY URBAN OASIS
**West 50s.** 1 bedroom plus study, 2 bath loft. Luxury finishes, open chefs kitchen, spa-like master bath with 2-sinks, tub plus stall. Storage room. Prewar, doorman, gym, roof terrace. Minutes to Central Park. $1.099M **WEB# 1871391**
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**West 52 St.** Corner 1 bedroom at luxury high-rise The Link. Great space, high ceilings, 2 Juliet balconies. Mint condition. Tax abatement and storage. Full service building. $850K **WEB# 1886352**
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**Marlene Steiner 212.605.9260**

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**Riverside Drive.** 4 bedroom/3 bath. Beautifully renovated. High floor, bathed in sunlight. Fabulous open views. Prewar details throughout, like high ceilings & crown moldings. $12,000/Month. **WEB# 1521201**
**Sheila Lokitz 212.821.9153**

WINDSOR PARK RENTAL
**Central Park South.** One bedroom, posh new full service 728 SF+/- condo rental, steps to Central Park at 6th Ave, ideal location, walk to work, near top shops & restaurants. $3,200/Month. **WEB# 1894744**
**Linda R. Chen 212.605.9205**

## *Downtown Manhattan*

MARBLE HOUSE
**TriBeCa.** Triple mint, triplex condo. 12 rooms, 4 bedrooms, 5 baths, 59' grand hall, modern kitchen, dining room, library & 44' lap pool. 9,200 SF+/-. Parking space included, full service building. $21.5M
**WEB# 1498110**
**Deborah Grubman 212.836.1055**
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CHARLES GWATHMEY MASTERWORK
**Centre St.** Gymnasium apt in landmarked police building. Mint 10 room duplex with best finishes. 4 bedrooms/4.5 baths, 25' ceilings, private terrace. Full service co-operative. 6,600 SF+/-. $19.95M
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**Greenwich Village.** Five story Italianate townhouse. Loft-like owner's duplex and 4 free market rentals with excellent income. Stunning facade and stoop. $7.995M **WEB# 1492583**
**Melinda Ely Dubow 212.605.9243**
**Joseph Dwyer 212.605.9395**

MERCER PENTHOUSE
**SoHo.** Luxury elegant 24 hour doorman condo with views. 4 bedrooms/3.5 bath/2 sun filled terraces with barbeque grill. Pristine customization. $7.5M
**WEB# 1889051**
**Julie Pham 917.517.8123**

THE BANK
**Chelsea.** Sophisticated duplex loft with 3 enormous 15' c.1907 Beaux Arts windows. Must be seen to be believed. 2.5 BR, 2.5 bath with patio and media room. $5.99M **WEB# 1571435**
**Coco Dorneanu 212.539.4981**

PREMIER PENTHOUSE
**Greenwich Village.** Ultra luxurious penthouse, 2 bedroom/2.5 baths, formal dining, south/west/north wrap terrace including south setback plus open views, prime tree lined street. $5.75M **WEB# 1895684**
**Roseann Barber 212.444.7807**

SOHO SENSATIONAL
**SoHo.** Classic 3,100 SF+, 3 bedroom loft in A++ location with high ceilings; exposed beams, part time doorman & many extras. A must see gem. $4.9M **WEB# 1387156**
**Eileen Robert 212.875.4050**

EXPERIENCE SOHO
**SoHo.** Renovated condo loft, full service building. 3 bedrooms, 2.5 baths, grand scale living room-dining room with gas fireplace, chef kitchen and terrace. 15' +/- ceilings, 2,700 SF+/-. $4.6M **WEB# 1890939**
**Deborah Grubman 212.836.1055**
**David Dubin 212.605.9287**

SOHO PENTHOUSE LOFT WITH TERRACE
**SoHo.** 3 bedroom/3.5 bath with huge private terrace. High ceilings, wood burning fireplace, top-of-the-line finishes. Must see. $4.3M **WEB# 1294813**
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**Shelley O'Keefe 212.634.6515**

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**Chelsea.** Magnificent, sprawling condo loft. This 3,750 SF+/- space has been meticulously renovated. 3 bedrooms, 3.5 baths. Open chef's kitchen. $3.725M
**WEB# 1314992**
**Patrick Lilly Group 212-941-2551**

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**Chelsea.** 5 rooms. New price for sun filled, 3 bedroom/2.5 bath, mint home in full service Vesta condo with washer/dryer. Have it all - a gem – must see. Only $2.295M **WEB# 1569936**
**Julia Cahill 212.836.1049**

EAST VILLAGE 1 BEDROOM CONDOP
**Third Ave.** High-floor corner 1 bedroom with southeast exposure and open views. 24 hour doorman condop with roof deck. $565K **WEB# 1870085**
**Endre Boksay 212.500.7003**

## *Brooklyn*

DAZZLING RARE MANSION
**Park Slope.** Museum quality 36' wide historic gem endowed with exquisite woodwork and detail. 7,000 SF+/-home. Magnificent. Granite facade. Top location. $4.2M **WEB# 1883868**
**Minette Stokes 718.832.4145**

MAGNIFICENT HEIGHTS LOCATION
**Brooklyn Heights.** Eco-friendly living with style and history, 6 bedrooms, 3 full bath, 2.5 baths, chef's kitchen, stellar light & space, and 2 bedroom garden apartment. $5.95M **WEB# 1897195**
**Lisa Detwiler 718.923.8091**
**Ellen Newman 718.923.8072**

MINT, MODERN TOWNHOUSE
**Boerum Hill/State St.** Perfect townhouse, minutes to Manhattan. 4 bedrooms + den, playroom, 4 baths, garden. Double height dining room, finished basement $3.6M **WEB# 1900192**
**Leslie Marshall 718.923.8034**
**James Cornell 718.923.8081**

CORNER TOWNHOUSE
**Carroll Gardens/Hoyt St.** Gut renovated 3 story 9 room light filled home. 2 car garage, lovely front yard and large back deck. Prime location close to subway and restaurants. $1.99M **WEB# 1523720**
**Marlene Steiner 212.605.9260**

RARE BROWNSTONE
**Carroll Gardens/1st Pl.** Extra wide and deep, 4 family with 5th floor on gorgeous "Place" block. Needs work. Great investment or one or two family home. $1.89M **WEB# 1903406**
**Patricia Neinast 718.832.4146**

LIVE & INVEST IN BROOKLYN
**Prospect Heights.** Quintessential 4 family, historic district, huge yard, close to Prospect Park and all good, mortgage mostly paid by rental income. $1.65M **WEB# 1876979**
**Andrea Yarrington 718.832.4192**

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# EU will press China to allow yuan to rise

By Brian Blackstone

Top European officials will press China this weekend to allow its currency to rise against the euro, amid political fears that the euro's strength could undermine Europe's recovery from its worst recession in decades.

European Central Bank President Jean-Claude Trichet, euro-zone finance minister Chairman Jean-Claude Juncker and European Economic Commissioner Joaquin Almunia are due to meet Sunday with top officials from China's central bank and finance ministry in Nanjing, where they will lobby for a stronger Chinese yuan.

European officials made a similar excursion to China two years ago, with little result. The yuan—whose value China links to the U.S. dollar—has risen only about 7% against the euro since then.

China's vice foreign minister, Zhang Zhijun, reiterated his country's currency policy on Tuesday, saying China will keep the yuan "basically stable around reasonable, balanced levels." Such statements suggest that the visitors are unlikely to win China's agreement to allow a faster yuan appreciation, analysts say.

That might not matter as much as European officials think, analysts say. Despite the high-profile appeal, many economists and business leaders say Europe's exports may depend less on the euro's exchange rate than on China's ability to deliver economic growth and support a revival in world trade volumes.

Global demand is three to four times more powerful than exchange rates in determining exports, says Silvio Peruzzo, economist at Royal Bank of Scotland in London. So if the euro appreciates 5% and global trade expands by an equal rate, the net effect for the euro zone would be an extra one percentage point of gross domestic product, he says.

A higher yuan would be "nice to have," said Volker Treier, chief economist at the German Chambers of Industry and Commerce, since it would make European-made products more competitive on price against Chinese goods. However, "right now the demand side is the more decisive one."

J.P. Morgan economists also say global demand for European goods is a more important determinant of the euro zone's exports than currency rates, and estimate it would take a very large rise in the euro's level to prevent strong export growth over the next few quarters.

Business leaders agree. "The volume to be generated throughout the upturn is more important than the exchange-rate hurdle," noted Karl Haeusgen, chief executive of **HAWE Hydraulik SE**, an engineering company based in Munich. And in the specific case of China, the exchange rate "is less of a problem" than in other markets, he said, because customers there are willing to pay a premium for technology.

The euro's steady rise hasn't scared off other German exporters, either, especially those in specialized engineering products that are less sensitive to price fluctuations than cheap, mass-produced goods.

"The product is the focus, not the currency," said Dagmar Bollin-Flade, chief executive of **Christian Bollin Armaturenfabrik** GmbH, one of Frankfurt's oldest businesses producing specialty valves for the petrochemical industry and power plants.

Last year the Bollin firm, which makes over 350,000 different kinds of shut-off valves, was able to ink deals in China despite the high euro. Demand from China has tapered off since, she said, but that's more due to changes in the structure of Chinese power plants than it is the euro.

Associated Press

French Finance Minister Christine Lagarde, right, extends a greeting to euro-zone finance minister Chairman Jean-Claude Juncker, European Commissioner for Economic and Monetary Affairs Joaquin Almunia, and ECB President Jean-Claude Trichet.

A higher yuan and robust Chinese demand would be best, "but if I had to make a choice, demand is more important," said Gernot Nerb, head of industry research at the Ifo Institute for Economic Research. Ifo's closely-watched survey of German companies has shown a rise in export expectations, thanks to demand in China and other emerging economies like Brazil, Mr. Nerb said.

EU officials say they want to make the case that a stronger yuan is good for both China and Europe. According to people within the European Commission, the three officials are preparing presentations for the Chinese that model the potential effects of a stronger yuan, including subduing domestic inflation in China.

The yuan is currently set at around 6.85 to the dollar, so when the dollar declines against other floating currencies like the euro, China's currency declines with it, making Chinese products cheaper in global markets. The euro passed the key $1.50 threshold earlier this week, hitting a 15-month high against the dollar.

At €43 billion this year through August, China still makes up only a small share of total euro-zone exports, trailing the U.K. and U.S. But unlike euro-zone exports to the U.S. and U.K., which are down 20%-plus from last year, the region's exports to China have held steady. Economists say they should resume firm growth soon. The Organization for Economic Cooperation and Development expects China's economy to expand over 10% next year, three times faster than global GDP.

*—Terence Poon and Adam Cohen contributed to this article.*

**Drop offs**

**Euro-zone exports to selected countries, change from January to August of this year compared to the same period in 2008**

Source: Eurostat

# China seeks business deals in Europe

By Christopher Emsden

China is beginning to poke around Southeastern Europe for business deals, taking advantage of a capital drought in the region to gain a manufacturing toehold inside the 27-member European Union.

Chinese companies have already carved out niche stakes in Romania and Bulgaria, and China's government is offering a $1 billion credit line to Moldova—enough to cover two years of current-account deficits in Europe's poorest country.

Investment flows are still a trickle, totaling just €71 million ($106.3 million) last year, according to Eurostat. But they are poised to rise quickly, if a flurry of recent deals is anything to go by.

On Monday, **Dongfeng Motor Group** Ltd., China's largest truck maker, signed a memorandum of understanding with Serbia's state-owned truck manufacturer Fabrika Automobila Priboj. The two companies didn't announce a deal value, but Dongfeng will control the product and brand, while FAP handles the manufacturing.

Also last month, **Great Wall Motor** Ltd. signed a deal with Bulgaria's **Litex Motors** to build an assembly plant to make 50,000 low-cost sports-utility vehicles annually, starting in 2010. The Chinese company will invest €80 million in the plant.

Meanwhile, in September, the first of a planned 100,000 tractors rolled out of a Romanian factory bought by China's Shantuo Agricultural Machinery Equipment. The plant represents an investment of more than $20 million by the company.

Nowhere is fresh capital more needed than in the Balkans, where economies have been pushed into steep recessions as huge current-account deficits have proved impossible to finance as the main sources of funds in the euro area freeze up.

While Serbia, Moldova and even Turkey make some strategic sense for China, Romania and Bulgaria in particular offer cheap "back-door entry" to the whole EU market, said Margot Schuler, an economist at the German Institute of Global and Area Studies.

Executives from China Luoayang Float Glass Group, a state-owned flat-glass producer, met with Bulgarian Finance Minister Simeon Djankov last week and toured the northeastern city of Razgad, where they hope to invest at least €80 million in a former glass factory.


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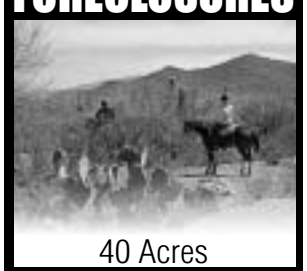

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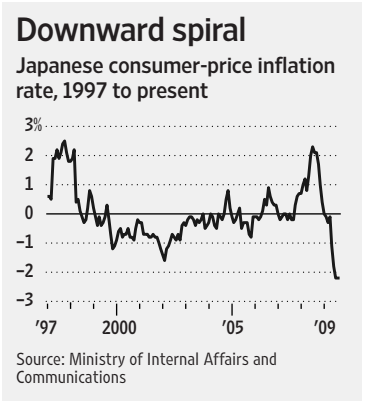
# Tokyo Deflation Deflections

Japan has struggled with deflation in the past, and it appears to be doing so again. The latest downward trend in prices is sparking a policy brouhaha in Tokyo about whom to blame and what to do. Politicians might start with a look in the mirror.

The world's second-largest economy has struggled for over a decade with falling prices. Left unchecked this can spark a spiral in which businesses and consumers keep delaying purchases in the expectation that goods will be even cheaper tomorrow. The problem has now returned after a mid-decade respite.

Last week, the cabinet office said the country is in "mild deflation," while the Bank of Japan is forecasting falling prices for the next two fiscal years. Measures ranging from consumer prices to wages to Tokyo property prices and the broad-based Topix stock index all show signs of softness or outright downward slide.

Now a debate is erupting over what to do about it. Central bank governor Masaaki Shirakawa blames slack demand for causing producers to cut prices too much. "It is vital to create an environment that enables . . . corporate capital investment and private consumption to expand in a self-sustained manner," he said Friday. The politicians blame the central bank for being too tight "Deflation is a problem which should be addressed by the monetary [side]," Finance Minister Hirohisa Fujii said Tuesday.




Mr. Fujii is partly right. The Bank of Japan's holdings of commercial paper have been shrinking the past couple of months as the bank sells off financial assets it bought during the crisis of the past year and absorbs yen out of the economy in exchange. That makes each yen remaining in circulation relatively more valuable, allowing consumers to buy the same product for fewer yen—deflation.

The central bank's task is also complicated by the yen's strength against a falling dollar, hitting a 14-year high yesterday. As the yen appreciates, it drives the Japanese price level lower. This is one more example of how the U.S. Federal Reserve's extraordinary easy policy in the name of spurring U.S. growth is creating problems for the rest of the world.

Japan's central bank has kept its benchmark rate at 0.1% for the past year. As Richard Katz notes nearby, 20% of bank loans to companies are priced at 1%, and 5% of loans are at less than 0.5%, hardly expensive. Banks remain reluctant to lend to small and medium-sized enterprises, but this is just as likely to be because policy makers pressure bank managers into lending to struggling larger enterprises.

Meanwhile, low rates allow "zombie" companies to hobble along in competition with healthier peers, sapping economic vitality. Deflation means that those companies have to compete with the zombies amid falling prices that squeeze profit margins. And the deflation rewards savers who hoard cash in the bank, discouraging consumption or investment.

Japan's aging consumer corps is still determined to save for the future. Large companies, pessimistic about the economy's prospects, are reluctant to borrow for capital investment. Note that Japan's latest break from deflation, in the middle of this decade, came only after demand for Japan's exports in the U.S. and China had picked up.

What the economy really needs is a good dose of animal spirits. The first priority here would be a change in Tokyo's fiscal policies that have pursued budget-busting Keynesian stimulus with little impact on growth. A return to the deregulatory and tax-cutting policies that prevailed for a time during the middle-part of this decade would also help. Mimicking the Obama Administration's tax and spend policies will only further reduce domestic Japanese growth.

These steps are primarily the domain of Mr. Fujii and his colleagues in Prime Minister Yukio Hatoyama's government, not the central bank's problem. Just as Japan's deflation is symptomatic of deeper problems lurking in the economy, the latest debate about deflation is symptomatic of deeper problems lurking in Japanese economic policy making. Whatever role monetary policy is playing in the current deflation, it isn't a central bank's role alone to spur growth.

# Kiwi Carbon Cramdown

New Zealand's government is crowing about the amended cap-and-trade bill passed Wednesday as a "balanced" and "responsible" solution to fight global warming. That is, if pork barreling and ramming a bill through parliament without any serious economic study of its impact is what's considered "responsible."

Prime Minister John Key's National Party-led government ran on a campaign promise to amend the previous government's onerous cap-and-trade law, which was rushed through before the last election. Mr. Key promised to water down the scheme to protect the economy from severe harm, while fulfilling New Zealand's Kyoto Protocol commitments.

The Key government soon found that its coalition partners, the ACT Party and the Maori Party, had serious reservations about passing what turned out to be the world's most comprehensive cap-and-trade bill. No wonder they were alarmed: National's bill covered all greenhouse gases and would affect most of the economy, including the country's key export industries of agriculture and forestry.

Critics also questioned the usefulness and timing of the bill, pointing out that New Zealand only contributes 0.2% of total global emissions, and a Copenhagen deal next month looks unlikely. Add in the climate-gate scandal bubbling in Britain, where evidence surfaced that climatologists tried to suppress skeptical global-warming studies, and there's even more reason to delay.

*John Key*

Yet the nominally conservative Key government plowed ahead by buying off the Maori Party earlier this week. In return for votes, the Maoris will get "energy efficiency assistance" for 8,000 low-income homes, the right to plant trees on government land to offset emissions elsewhere, and other goodies. The Nationals then rushed the bill through parliament under the "urgency" tool, used to extend sitting hours for priority business. The bill still only passed by a hair, 63-58.

Pork barreling to get a bill passed is nothing new in politics. But in this case it is only part of a bad picture: The government still has not released its own comprehensive study of the new law's potential economic impact. Kiwis may soon demand one as their energy prices rise and foreign investment goes elsewhere—all in the name of being "responsible."

# Tory Tax Cuts

The U.K.'s government borrowing hit a record £11.4 billion last month amid forecasts that the British deficit could top £200 billion for the year. But even as the short-term deficit news gets worse, the U.K.'s longer-term economic prospects are starting to look up: David Cameron, the man most likely to be the next prime minister, is now flirting with supply-side tax cuts.

David Cameron tiptoes toward a growth agenda.

We've criticized the Conservative Party for focusing too much on cutting spending while neglecting growth measures to increase the size of the economy. So we were encouraged Monday when the Tory leader promised the Confederation of British Industry he would cut the small-companies tax rate to 20% from 21% and the main corporate tax rate to 25% from 28%. These are not huge cuts, but they'd do more to create jobs than Labour Prime Minister Gordon Brown's prescription, which is stimulus spending as far as the eye can see.

Mr. Cameron also vowed, "we want to go further." We'll see, but at least he is talking about sending tax rates in the right direction. Tory tax talk had focused on endorsing Labour increases, such as the 50% top-marginal rate to take effect in April, which is bound to damage growth while rasing left revenue than estimated. His tax-trimming announcement also took some spine, given that the Office for National Statistics reported last week that government receipts fell 9.1% in October from a year earlier, while spending jumped 10.3%. These data have prompted calls for tax *increases,* naturally, and charges that the Tories have no way to fund the promised tax cuts.

In fact, Mr. Cameron has proposed to offset the cuts in rates with tax simplification. This is rarely a bad trade off, but Mr. Cameron shouldn't have to apologize for leaving money in the hands of the private sector, which is the best stimulus the world has ever known. As Mr. Cameron put it Monday, "Dealing with this deficit is not an alternative to economic growth—the two go hand in hand." He added: "A Conservative government will be one that knows when to get out of your way."

That sounds like a good start. But some of the other promises he's made so far bear re-examination under this standard. For instance, the National Loan Guarantee Scheme, which would underwrite lending from banks to British business, not only seems likely to increase the national debt, but worse, injects the public sector into what should be private calculations of the risks and rewards of business lending.

As long as Mr. Cameron is in a tax-cutting mood, he could do more to help growth by promising to reduce the top rate to 40%—or lower—from the 50% rate that Chancellor of the Exchequer Alistair Darling has announced. He could really prove that his party is—as he said on Monday—"unashamedly pro-enterprise and pro-wealth creation" by extending the Tories' promised relief from National Insurance tax to all business, not just new ones; for all new hires, not just the first 10; and permanently, not just for the first two years.

In an era heavy with anticapitalist rhetoric, proposing business tax cuts to restart the economy is not without political risk. But the British electorate deserves a debate about the sources of growth and the wealth of nations. It's a good sign that Mr. Cameron may be ready to offer one.

OPINION

# The Second Chinese Stimulus

By Paul Cavey

You heard it here first: China will soon have a second economic stimulus. There hasn't been an official announcement from Beijing and there probably won't be, because this stimulus will come via forces policy makers are only partly able to control. But conditions are falling into place for a new monetary loosening to follow the enormous expansion of bank credit in the "first" stimulus of the past year.

**A flood of money is on the way as Beijing struggles to control market forces on the upside.**

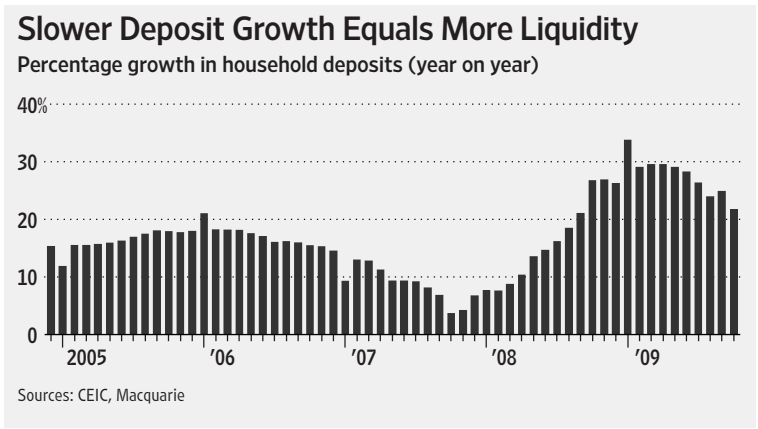
To see how, it's important to understand some characteristics of the stimulus China has already experienced for the past year. Attention often focuses on the four-trillion-yuan ($586 billion) plan unveiled by Beijing in November 2008, but for this Beijing spent only about 1.2 trillion yuan of its own cash on public works and the like.

Most of the stimulative pop instead was provided by banks in the form of 9.5 trillion yuan of new lending, or 27% of GDP, in 2009 alone. This binge, supplied by China's state-owned banks, could one day effectively become a fiscal stimulus if a significant number of these loans go bad and Beijing needs to recapitalize the banks using tax receipts. But for now, China's stimulus has been mostly monetary.

To achieve this, Beijing had to overcome several factors that would otherwise have caused a monetary tightening. In July 2008, Beijing gave up the slow appreciation of the yuan, and instead once again pegged its currency to the U.S. dollar. When the greenback appreciated amid a global flight to safety at the depth of the crisis, the yuan also appreciated against a basket of nondollar currencies.

This squeezed exporters already hit by a fall-off in demand. The resulting deflationary pressures would ordinarily have made banks reluctant to lend and businesses reluctant to borrow. Meanwhile, the crisis-related collapse in inflation caused a big rise in real deposit rates, attracting money back to the banks and threatening to squeeze asset-market liquidity. So the credit expansion of the past year mainly represents a successful effort by policy makers to use their authority over bank managers to counteract broader market forces.

Authorities didn't even use the traditional market-based monetary levers to do it. In the crisis the actual policy rate fell by only a moderate 2.16 percentage points, less than half the size of the Federal Reserve's cuts in the United States; the cut in real rates after a collapse in inflation was even less. Similarly, the reserve requirement for banks was cut, but only back to the level of the opening months of 2008, and even then the additional liquidity this unleashed only compensated for the drop-off in capital inflows during the crisis.




Thwarting these market forces will be more difficult on the upside than it was on the downside. Which is where the second stimulus will come from: The market forces against which Beijing was fighting this year are changing direction and are likely to spark a wave of capital flows that Beijing will struggle to counteract.

Now that the crisis is over, the dollar is weakening, dragging the yuan back down to levels against other currencies not seen since August 2008. This is prompting speculation that Beijing will start allowing the yuan to appreciate again, and this speculation is in turn reviving the hot-money inflows that dried up during the crisis.

A similar trend is visible with real deposit rates. Deflation has eased from 1.8% in July to 0.5% in October, meaning real interest rates are falling. As if on cue, last year's flood of deposits into the banks is reversing. Except for a blip in September, the stock of household deposits in the banks has been falling since July. Policy makers have few appealing options in this environment. Raising nominal interest rates to cool the property market by making bank deposits more attractive, for instance, risks putting yet more upward pressure on the yuan.

These changes will offset the impact of the slowdown in new loans that the government appears to be aiming to achieve, which is not much of a slowdown to begin with. A likely target for credit expansion of between seven trillion and eight trillion yuan, while less than predicted for the full year of 2009, is still enough to ensure 18% growth in the credit stock. This would still be appreciably above GDP growth, which would satisfy one definition of credit being "loose."

Even if lending slows more, history suggests that this environment—tighter credit but looser exchange and deposit rates—is not particularly tight. The last time this happened, between 2004 and 2007, Beijing faced serious asset-bubble and inflation worries despite the fact that the growth in bank credit more or less kept pace with GDP growth. The example of that period also shows what a policy problem Beijing will face as the "second stimulus" gathers steam. Neither small appreciation of the yuan vis-à-vis the dollar nor limited hikes in bank deposit rates could control asset-price rises. With the dollar weak then as it is now, mild yuan appreciation made little difference to China's overall effective exchange rate.

Beijing already appears to be considering an exit strategy from its first stimulus. Officials are likely to rein in some of the sector-specific measures that were part of last year's plan. But now market forces are likely to provide their own monetary stimulus.

*Mr. Cavey is head of China economics at Macquarie Securities.*

# Now Is Not the Time to Fret About Tokyo's Debts

By Richard Katz

Japan's government next fiscal year will have the distinction of borrowing more money than it receives in taxes, thanks partly to increased spending, but mostly due to plunging revenues. The Organization for Economic Cooperation and Development and investment banks alike are now warning of a debt crisis in the making. But while debt levels are high, there is no sign that Tokyo's finances are anywhere near a dangerous tipping point that would endanger either bond investors or constrain the government's ability to enact fiscal stimulus.

It's important first to define what "debt" figures really matter. Japan's gross government debt is projected to hit a record 200% of GDP in 2010. But gross debt involves double-counting the debt that various domestic government agencies owe each other, such as the Bank of Japan's holdings of government bonds. Net debt, absent the double counting, is about 100% of GDP. That's about the same ratio that Italy, Greece and Belgium have sustained for much of the past two decades—without setting off financial crises.

Nor does Tokyo have any difficulty in paying its interest bills. Thanks to ultra low interest rates, the total net interest on government debt is projected to hit only 1.3% of GDP in 2010, barely more than the 1.1% ratio two decades ago in 1991 and only half of the 2.6% average ratio that has prevailed in the OECD over the past two decades. Were the government really having trouble paying its bills, investors would demand higher interest payments and the central bank would not be able to keep long-term rates so low. In reality, the 10-year bond has traded between 1.2% and 1.8% for most of the past decade. Today, that yield hovers around 1.3%.

Deficit hawks assert that the Bank of Japan will soon lose its ability to keep rates low, arguing that the struggle between the government and private borrowers for limited funds will send interest rates skyward.

The evidence says the opposite: There is no crowding out. The government has not even borrowed enough to offset the decline in private borrowing. Corporate net debt peaked at 117% of GDP in 1990. By 2007, corporations seeking to shed nonperforming loans had reduced their debt to 70% of GDP. Household gross debt, meanwhile, fell to 70% of GDP in 2007 from 82% of GDP in 1999. As a result, the total combined private and government debt peaked in 2000 at 276% of GDP, and has since declined to 244% as of 2007, the latest data available.

**Japan's top priority should be to use large budget deficits spent on the right things to ensure recovery.**

Nor is there any lack of buyers for new government bonds, 95% of which are held by domestic investors. The banks need to buy this paper to offset the decline in their core lending business. From 1998 through 2009, outstanding bank deposits rose 17% but bank loans fell 13%. How could the banks pay interest to their depositors unless they bought bonds to earn interest?

The real danger from Japan's debt buildup is not a potential crisis in the government-bond market but corrosion in the real economy. The Bank of Japan will retain both the need and the ability to keep long-term rates very low for the foreseeable future. But this method of avoiding fiscal crisis causes enormous collateral damage. By lowering the hurdle rate for investment, this action leads firms to pour capital into wasteful projects that temporarily boost demand but end up hurting long-term growth. Consider this decade's binge in new supermarkets, even though total supermarket sales have been flat for years. Then there are all the "zombie" firms kept in business by very low interest rates; 20% of bank loans charge less than 1% interest while 5% charge less than 0.5%.

Japan has been here before. In 1997, a similar debt scare led Prime Minster Ryutaro Hashimoto to raise consumption taxes, plunging the country into deep recession. In 2003, similar panicky storylines spooked the markets. It's easy to see why investors are having déjà vu; Tokyo today is headed toward a budget deficit that's 10% of GDP, and the ratio of outstanding government debt to GDP has hit a record high.

Japan is certainly a deficit addict. Ever since the mid-1970s, a structural shortfall in private domestic demand has compelled the government to sustain decade after decade of deficit spending to make up for that shortfall. Japan's new government says it wants to solve that problem by using government money to raise household disposable income. Yet, fearing today's deficits, policy makers are waffling on that program. Virtually every day various ministers come out with a new and conflicting message on fiscal policy.

Japan's top fiscal priority today should be to use large budget deficits—spent on the right things, such as child care allowances, free high school tuition, connecting suburban houses to sewage lines and consumer-oriented tax cuts—to ensure recovery. With many economists anticipating economic softness in the first half of 2010, perhaps even a quarter of negative growth, this is hardly the time for premature withdrawal. Once recovery is in place, that's the time to address the deficit and, more importantly, its underlying causes.

*Mr. Katz is the editor of the semiweekly Oriental Economist Alert.*

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IN DEPTH

# Wikipedia volunteers log off as free Web encyclopedia ages

*Declines have raised questions about the venture's ability to keep expanding its breadth and improving its accuracy*

By Julia Angwin And Geoffrey A. Fowler

WIKIPEDIA.ORG is the fifth-most-popular Web site in the world, with roughly 325 million monthly visitors. But unprecedented numbers of the millions of online volunteers who write, edit and police it are quitting.

That could have significant implications for the brand of democratization that Wikipedia helped to unleash over the Internet—the empowerment of the amateur.

Volunteers have been departing the project that bills itself as "the free encyclopedia that anyone can edit" faster than new ones have been joining, and the net losses have accelerated over the past year. In the first three months of 2009, the English-language Wikipedia suffered a net loss of more than 49,000 editors, compared to a net loss of 4,900 during the same period a year earlier, according to Spanish researcher Felipe Ortega, who analyzed Wikipedia's data on the editing histories of its more than three million active contributors in 10 languages.

Eight years after Wikipedia began with a goal to provide everyone in the world free access to "the sum of all human knowledge," the declines in participation have raised questions about the encyclopedia's ability to continue expanding its breadth and improving its accuracy. Errors and deliberate insertions of false information by vandals have undermined its reliability.

Executives at the Wikimedia Foundation, which finances and oversees the nonprofit venture, acknowledge the declines, but believe they can continue to build a useful encyclopedia with a smaller pool of contributors. "We need sufficient people to do the work that needs to be done," says Sue Gardner, executive director of the foundation. "But the purpose of the project is not participation."

Indeed, Wikipedia remains enormously popular among users, with the number of Web visitors growing 20% in the 12 months ending in September, according to comScore Media Metrix.

Wikipedia contributors have been debating widely what is behind the declines in volunteers. One factor is that many topics already have been written about. Another is the plethora of rules Wikipedia has adopted to bring order to its unruly universe—particularly to reduce infighting among contributors about write-ups of controversial subjects and polarizing figures.

"Wikipedia is becoming a more hostile environment," contends Mr. Ortega, a project manager at Libresoft, a research group at the Universidad Rey Juan Carlos in Madrid. "Many people are getting burnt out when they have to debate about the contents of certain articles again and again."

Wikipedia's struggles raise questions about the evolution of "crowdsourcing," one of the Internet era's most cherished principles. Crowdsourcing posits that there is wisdom in aggregating independent contributions from multitudes of Web users. It has been promoted as a new and better way for large numbers of individuals to collaborate on tasks, without the rules and hierarchies of traditional organizations.

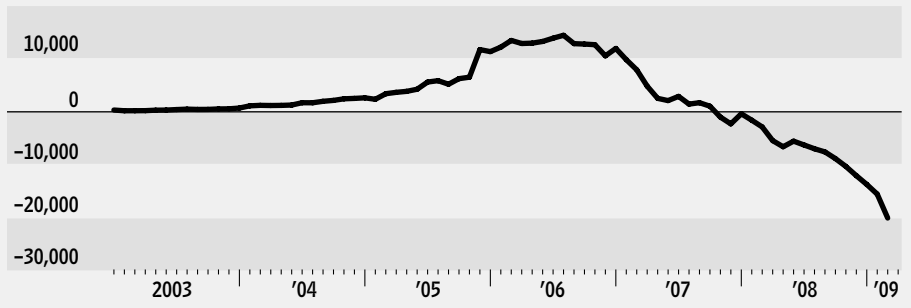
But as it matures, Wikipedia, one of the world's largest crowdsourcing initiatives, is becoming less freewheeling and more like the organizations it set out to replace. Today, its rules are spelled out across hundreds of Web pages. Increasingly, newcomers who try to edit are informed that they have unwittingly broken a rule—and find their edits deleted, according to a study by researchers at Xerox Corp.

"People generally have this idea that the wisdom of crowds is a pixie dust that you sprinkle on a system and magical things happen," says Aniket Kittur, an assistant professor of human-computer interaction at Carnegie Mellon University who has studied Wikipedia and other large online community projects. "Yet the more people you throw at a problem, the more difficulty you are going to have with coordinating those people. It's too many cooks in the kitchen."

## Fading enthusiasm

**As rules for editing the online encyclopedia proliferate, volunteers have been departing Wikipedia faster than new ones have been joining.**

**Monthly change in editors for the English-language Wikipedia since January 2003**




Source: Felipe Ortega, Universidad Rey Juan Carlos

Wikipedia founder Jimmy Wales, who is chairman emeritus of the foundation, acknowledges participation has been declining. But he says it still isn't clear to him what the "right" number of volunteer "Wikipedians" should be. "If people think Wikipedia is done," he says, meaning that with three million articles it is hard to find new things to write about, "that's substantial. But if the community has become more hostile to newbies, that's a correctable problem."

Mr. Wales says his top priority is to improve the accuracy of Wikipedia's articles. He's pushing a new feature that would require top editors to approve all edits before they are displayed on the site. The idea is to prevent the kind of vandalism that in January declared Sen. Edward Kennedy's death months before his actual passing.

Mr. Wales, a onetime options trader in Chicago, founded Wikipedia in 2001 amid frustration that his effort to create an online encyclopedia was hampered by the slow pace of copy-editing and getting feedback from experts. He saw Wikipedia as a side project—a radical experiment with software that allows multiple people to edit the same Web page. The term "wiki" comes from the Hawaiian word for fast.

The collaborative software fostered a unique form of online governance. One of Wikipedia's principles is that decisions should be made by consensus-building. One of the few unbreakable rules is that articles must be written from a neutral point of view. Another is that anyone should be able to edit most articles. One policy serves as a coda: "Ignore all rules."

The Wikimedia Foundation employs a staff of 34, mostly in San Francisco, to run the site's computers, guide its planning and serve as its public face. In its fiscal year ended in June, it reported expenses of $5.6 million. It funds its operations mostly through donations. Earlier this month, it launched a campaign to raise $7.5 million from users.

Wikipedia's popularity has strained its consensus-building culture to the breaking point. Wikipedia is now a constant target for vandals who spray virtual graffiti throughout the site—everything from political views presented as facts to jokes about their friends—and spammers who try to insert marketing messages into articles.

In 2005, journalist John Seigenthaler Sr. wrote about his own Wikipedia write-up, which unjustly accused him of murder. The resulting bad press was a wake-up call. Wikipedians began getting more aggressive about patrolling for vandals and blocking suspicious edits, according to Andrew Lih, a professor at the University of Southern California and a regular Wikipedia contributor.

That helped transform the site into a more hierarchical society where volunteers had to negotiate a thicket of new rules. Wikipedia rolled out new antivandalism features, including "semiprotection," which prevents newcomers from editing certain controversial articles.

"It was easier when I joined in 2004," says Kat Walsh, a longtime contributor who serves on Wikimedia's board of trustees. "Everything was a little less complicated.... It's harder and harder for new people to adjust."

In 2008, Wikipedia's editors deleted one in four contributions from infrequent contributors, up sharply from one in 10 in 2005, according to data compiled by social-computing researcher Ed Chi of Xerox's Palo Alto Research Center.

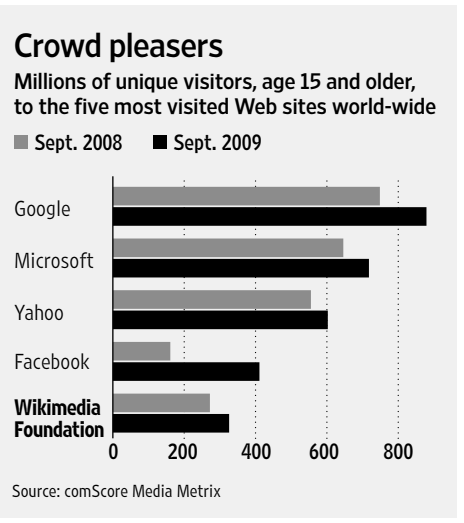
Nina Paley, a New York cartoonist who calls herself an "information radical," had no luck when she tried to post her syndicated comic strips from the '90s. She does not copyright their artwork but instead makes

Nicolas Goldberg for The Wall Street Journal

Wikimedia Executive Director Sue Gardner, center, at annual gathering. She has launched task forces to seek ways to increase participation in markets such as India.

Nicolas Goldberg for The Wall Street Journal (3)

Jimmy Wales, above, founder of the online encyclopedia, which is written and edited by volunteers. Far left, 'Wikipedians' from around the world gathered in August at the annual Wikimania conference in Buenos Aires. At left, Wikipedia supporters, editors and administrators in Wikimania's programming lounge.




money on ancillary products and services, making her perfect for Wikipedia's free-content culture.

It took her a few days to decipher Wikipedia's software."I figured out how to do it with this really weird, ugly code," she says. "I went to bed feeling so proud of myself, and I woke up and found it had been deleted because it was 'out of scope.' "

A Wikipedia editor had decided that Ms. Paley's comics didn't meet the criteria for educational art. Another editor weighed in with questions about whether she had copyright permission for the photo of herself that she uploaded. She did.

Ultimately, it was decided that Ms. Paley's comics were suitable for the site. Samuel Klein, a veteran Wikipedian who serves on the board of trustees, intervened and restored her contributions. Mr. Klein says experiences like Ms. Paley's happen too often. Mr. Klein says that the Wikipedia community needs to rein in so-called deletionists—editors who shoot first and ask questions later.

The Wikimedia Foundation says it is seeking to increase participation, but that growing the overall number of participants isn't its main focus.

"The early days were a gold rush," says Ms. Gardner, the foundation's executive director. "They attracted lots and lots of people, because a new person could write about anything." The encyclopedia isn't finished, she says, but the "easy work" of contributing is done.

To attract new recruits to help with the remaining work, Ms. Gardner has hired an outreach team, held seminars to train editors in overlooked categories, and launched task forces to seek ways to increase participation in markets such as India. The foundation also invested $890,000 in a new design for the site, slated to go live in the next few months, that aims to make editing easier for contributors who aren't computer-savvy.

She says increasing contributor diversity is her top goal. A survey the foundation conducted last year determined that the average age of an editor is 26.8 years, and that 87% of them are men.

Much of the task of making Wikipedia more welcoming to newcomers falls to Frank Schulenburg, the foundation's head of public outreach. An academic, he began contributing to articles about French philosophers on the German Wikipedia in 2005.

"The community has created its own language, and that is certainly a barrier to new participants," he says.

One of Mr. Schulenburg's first projects, called the "bookshelf," is an effort to gather the basic rules for contributing to Wikipedia in one place for newcomers. He hopes the new multimedia bookshelf will be the Wikipedia community's equivalent of a high-school civics textbook.

In Germany, to recruit more academics, Mr. Schulenburg had devised an educational program called Wikipedia Academy. In July, he conducted the first such program in the U.S., for scientists and administrators at the National Institutes of Health in Bethesda, Md. His goal was to entice the scientists to contribute.

Wikipedia already attracts lots of academics, but science isn't its strength. By its own internal grading standards, the article on Louis Pasteur, one of the founders of microbiology, for example, is lower in quality than its article on James T. Kirk, the fictional "Star Trek" captain.

For the July event, Mr. Schulenburg got about 100 scientists and NIH staffers to spend the day listening to arguments about why they should bother contributing to Wikipedia, despite the fact that it doesn't pay, won't help them get a grant or even win them applause from their peers.

His audience was skeptical about the lack of credentials among Wikipedia editors. "One of my concerns is not knowing who the editor is," said Lakshmi Grama, a communications official from the National Cancer Institute.

Several participants started contributing to Wikipedia right after the event. The NIH says it is considering whether to adopt formal policies to encourage its staff to contribute while at work.

Each year, Wikipedians from around the world gather at a conference they call Wikimania. At this year's meeting in Buenos Aires in August, participants at one session debated the implications of the demographic shifts.

"The number one headline I have been seeing for five years is that Wikipedia is dying," said Mathias Schindler, a board member of Wikimedia Germany. He argued that Wikipedia needed to focus less on the total number of articles and more on "smarter metrics" such as article quality.

He said he disagreed with dire views about the project's future. "I don't expect to see Wikipedia follow the rule of any curve or any projection."

FROM PAGE ONE

# Yen hits 14-year high against dollar

*Continued from first page*

selling intervention. He also said Japan's policy makers will take proper action against "abnormal" exchange-rate moves, echoing earlier comments when the dollar began its slide toward the 90-yen level without major action from the government.

Broadly, market watchers blame the global trend of a weakening dollar on investors' appetite for risk and loose U.S. monetary policy.

But a number of factors are driving down the dollar further in terms of the yen. The U.S. has taken over as the cheapest funding source for what are known as carry-trade investors, who borrow low-interest-rate currencies and invest them in higher-yielding assets elsewhere. Japan is a traditional carry-trade lender, and the switch to other currencies puts downward pressure on the supply of yen on the market.

Ms. Fujii, of BofA Merrill Lynch, also notes that risk-averse Japanese investors have been reluctant to send capital abroad, creating another source of yen strength. And despite the economic downturn, Japan continues to run a substantial current-account surplus, which also helps the yen.

Finally, Japan has suffered from bouts of deflation and slow growth in recent years amid growth elsewhere. As a result, a yen has less purchasing power now than it did 14 years ago, the last time the dollar and the yen were at this level. That reduces the impact of an appreciating currency on Japanese spenders.

At home, Prime Minister Yukio Hatoyama faces some pressure to intervene. "It is a problem for us," said Japan Iron and Steel Federation Chairman Shoji Muneoka. The Japanese government should take "all measures available" to keep the yen from appreciating excessively, he said.

Other corporations have shifted work overseas or made other moves to smooth currency fluctuations. The impact of the rising yen at **Sony** Corp. is "very small," Hiroshi Yoshioka, who heads the company's consumer products and devices group, said at a news conference Thursday. He credited the company's efforts to procure more parts in U.S. dollars to offset part of its sales in U.S. dollars. He also cited Sony's shift to contract manufacturing in other Asian countries to produce TVs and other electronics. "I think that helps to deal with the fluctuations," he said.

Agence France-Presse/Getty Images

The dollar hit a 14-year low against the yen Thursday, even as it gained against other currencies amid weaker stock markets and jitters tied to Dubai World.

Like many companies, Sony feels more exposed to other currencies. Sony estimates that every time the U.S. dollar drops in value by one yen, its operating income takes a one billion yen (about $11.4 million) hit. By comparison, a similar change to the euro has a 7.5 billion yen impact.

Politically, the falling yen is seen in the larger backdrop of Japan's broader problems, including deflation and weak consumer demand. "I worry about it. I think it's a sign of how uncertain things are," said Eisuke Noguchi, a 39-year-old salaryman.

But there are reasons why Japanese consumers see little difference, as years of Japanese deflation combined with inflation elsewhere has meant the currency is weaker in terms of purchasing power.

"It doesn't have a big impact on my life except when I travel," said Kyoko Nakanishi, a 27-year-old office worker at an advertising agency. "When I went on a trip to the U.S. this summer, things were cheaper. So maybe I need to go back again."

*—Kazuhiro Shimamura in Tokyo and David Roman in Singapore contributed to this article.*

# China offers specific targets for carbon emissions

*Continued from first page*

Chinese moves. "The U.S. commitment to specific, midterm emission-cut targets and China's commitment to specific action on energy efficiency can unlock two of the last doors to a comprehensive agreement," he said.

"This is a significant announcement at a very important point in time. But China could do more," said Ailun Yang of Greenpeace China. "Given the urgency and magnitude of the climate-change crisis, China needs stronger measures to tackle climate change." Ms. Yang added that "if they had announced 45% to 50% then we could say they were ambitious."

The WWF also welcomed China's announcement. "A 40% to 45% reduction in China's carbon intensity from business-as-usual projections is far from trivial," said Kim Carstensen, the leader of WWF's global climate initiative.

China's top climate envoy said the Chinese targets were a domestic voluntary action rather than an international one. But "Chinese people stick to their word," Xie Zhenhua, deputy head of the powerful National Development and Reform Commission, the former state planning agency, told a news conference.

Agence France-Presse/Getty Images

The tops of buildings peek through the fog over Wenling, in Zhejiang province. China offered carbon-emission targets Thursday.

Mr. Xie said that China now expects "real action" by the West on funding and technical support before the Copenhagen meeting. So far, such support had failed to materialize, he said.

China has proposed that developed nations contribute 1% of gross domestic product to subsidize efforts by poorer nations to cut carbon-dioxide emissions. That translates to more than $140 billion for the U.S. alone. U.S. officials have dismissed the Chinese proposal as "untethered from reality."

Some observers say the low end of the new Chinese target is just an extension of energy policies already in place. China has a goal of cutting its energy intensity—measured as energy used per unit of GDP—by 20% to 2010 from 2006, a goal that Mr. Xie said is achievable. China's energy-efficiency goals are also motivated by energy security concerns. But burning less coal—the source of 80% of China's electricity—means less carbon is released into the air.

Even a 40% drop could be hard to reach because many of the easy gains have already been achieved, warns Zhou Ji, the China representative of the World Resources Institute. "The future is harder, the potential gains will become smaller and smaller," Mr. Zhou said.

In addition, measuring carbon intensity poses a huge statistical and scientific challenge for China. For example, it is hard to determine how much carbon is absorbed by increasing China's forest coverage to create carbon sinks.

"My feeling is that even if we set up this goal, it will not be easy to reach," Mr. Zhou said. "We will need to do very hard work. I'm not so optimistic we can reach that. But we can try."

A Chinese foreign ministry statement said Mr. Wen would attend the Copenhagen meetings, which run from Dec. 7 to 18. Mr. Obama will show up on Dec. 9.

As of 11 a.m. ET **Euro** 1.4988 ▼ 0.45% **Yen/US$** ¥86.57 ▼ 1.28% **Yen/A$** ¥78.87 ▼ 2.86% **Oil** 77.96 **Closed** **Gold** 1186.90 **Closed** **10-year Treasury** ▲ 11/32 yield Closed **3-month Libor** 0.25438

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# Toyota is shifting gears in China

*Car maker sees sales growth slowing to 14%, but hopes more models with smaller engines will provide needed boost*

By Norihiko Shirouzu

GUANGZHOU, China—**Toyota Motor** Corp. sees its sales growth in China slowing next year, but believes that a more-focused strategy, including more models with smaller engines, will help it outperform rivals after its results trailed the overall market this year, an executive at the Japanese company said.

Toyota expects its China sales to grow 14% to 800,000 vehicles in 2010, Shoju Nozaki, a senior Toyota sales executive in China, said on the sidelines of the Guangzhou auto show that began this week. Toyota is forecasting sales of about 700,000 this year, up 20% from the 585,000 it sold here in 2008, he said.

This year has been challenging for Toyota in China, which is on pace to surpass the U.S. as the biggest car market for all of 2009.

While 20% growth would be outstanding in most markets, it is slow compared to that of auto makers including **General Motors** Co., **Nissan Motor** Co. and **Hyundai Motor** Co. Overall vehicle sales in China in the first 10 months of 2009 rose nearly 38% from last year.

If Toyota, the world's biggest car maker by sales, meets its outlook for 2010 it would be well ahead of the pace analysts are expecting for overall industry growth. J.D. Power & Associates, for instance, forecasts a 4.6% rise in sales of passenger vehicles in China and a 3.3% decline for light commercial vehicles.

Yale Zhang, a Shanghai-based analyst with U.S. consulting firm CSM Worldwide, thinks Toyota's goal to increase sales by 14% next year is achievable.

"They were stuck in neutral for a good part of the year this year and have had plenty of time to make adjustments to focus more on cars with smaller engines, so most of the structural problems they faced earlier this year are gone," Mr. Zhang said.

Toyota's sales in China actually contracted in the first four months of this year, before starting to turn around in May as the company responded, belatedly, to surging demand for cars with smaller engines.

Next year, Toyota is aiming for part of its boost to come from a similar adaptation by its Lexus unit. The luxury segment was one of the few areas of China's car market to experience unspectacular demand this year, averaging 14% growth through September. Mr. Nozaki said he expects Lexus sales in China to total about 33,000 vehicles this year, compared with 32,150 in 2008.

Relatively weak sales growth of upscale cars like Lexus was due in part to slower growth in China's export-dependent coastal regions, which were hit by the global downturn, meaning people couldn't afford pricey vehicles.

But a bigger reason was the Chinese government's decision last year to promote fuel savings by raising sales taxes for vehicles with engines bigger than three liters.

Mr. Nozaki, who is based in Beijing for Toyota, said Lexus should have moved more quickly to offer models with smaller engines.

"The sales tax change hit us substantially," he said. Through October, Toyota had 7.8% of China's passenger-car market, down from 10.3% in 2008, according to J.D. Power.

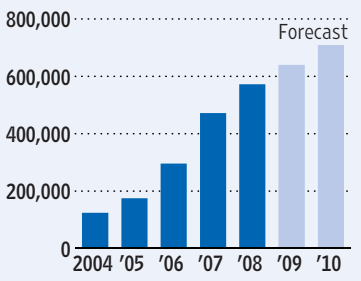
Mr. Nozaki said Lexus would introduce more China-specific cars, such as the ES240, which Toyota launched in September. The car has a sub-three-liter engine that qualifies for a lower tax bracket. He said Toyota expects Lexus sales to rebound in 2010, rising about 30% to 43,000 vehicles.

"The most important take-away from late last year and the start of this year when sales struggled is...we need to respond more quickly to policy change," Mr. Nozaki said. "We lacked cars with smaller engines just when we needed them the most."

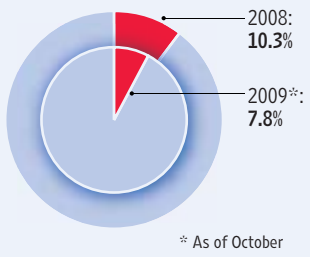
Having more China-focused cars with smaller engines "is what we are going to focus on going forward," he said. "That is the main pillar of our new strategy in China."

**Slowing down**

Toyota's all-vehicle sales in China




Toyota's market share in China, by total sales of passenger vehicles




Source: J.D. Power & Associates

# Guangdong Nuclear to need more uranium

SHANGHAI—**China Guangdong Nuclear Power Holdings** Co., one of the country's two nuclear-energy firms, said it will need more than 100,000 metric tons of uranium between 2009 and 2020 to feed its growing fleet of nuclear-power plants, a huge jump from current demand levels that underscores the scope of China's nuclear-energy ambitions.

Guangdong Nuclear Power's uranium needs will jump to 10,000 tons a year in 2020 from 2,000 tons this year, Zhou Zhenxing, chairman of the company's uranium-supply unit, said Thursday. Mr. Zhou, speaking at a conference, didn't detail how quickly the demand growth would accelerate within that period, although the company has several nuclear units expected to come online that will increase its demand.

"Domestic uranium output is [by] far not enough to meet our needs," said Mr. Zhou, whose unit is called China Guangdong Nuclear Uranium Resources Co.

The World Nuclear Association estimates that global uranium consumption is 65,000 tons a year.

Guangdong Nuclear Power is expected to have 34 gigawatts of nuclear-power capacity in operation by 2020, accounting for more than 50% of China's total capacity, up from 3.94 gigawatts currently operational, Mr. Zhou said.

China doesn't publish uranium-output data. However, the the World Nuclear Association says China's five operational uranium mines—two in Jiangxi province and one each in Shaanxi, Liaoning and Xinjiang—together produce about 840 tons a year.

China has 11 civil nuclear reactors. It plans to build dozens more by 2020, bringing the nuclear sector's share to 5% of China's power-generating capacity, or about 70 gigawatts, from less than 2% now.

> **The head of the company's uranium-supply unit says domestic supplies are far from meeting its needs.**

In 2012-2013, China plans to start building its first large nuclear-power reactor with home-developed "fourth-generation" technology. Fourth-generation systems represent an improvement over current designs in terms of cost, fuel efficiency and safety.

In May, China's top energy official, National Energy Administration head Zhang Guobao, said longer-range plans would see China having more than 100 reactors in 20 years, matching the current level of the U.S.

China now relies on imports for about half of its uranium needs, with supplies coming from Russia, Namibia, Australia and Kazakhstan.

**China National Nuclear** Corp., the nation's top nuclear-power company in terms of power capacity and its dominant domestic uranium producer by output, said in August it aims to raise its domestic uranium production to 2,000 tons a year by 2020.

CNNC next year will ship home an initial batch of 700 tons of uranium from its mine in Jordan, marking a first from overseas projects.

International spot uranium prices for benchmark U308 are now near $43 a pound, well down from the peak of $138 reached in June 2007, according to Georgia-based Ux Consulting LLC.

Guangdong Nuclear Power plans to build plants overseas and is targeting Southeast Asia, Mr. Zhou said. Several nations there, including Vietnam, Thailand, Malaysia and Indonesia, are considering building nuclear reactors. The company is also looking to invest in overseas uranium companies as well as ramping up domestic production, he said.

Guangdong Nuclear Power is cooperating with foreign companies such as French government-controlled nuclear group **Areva**, as well as uranium miners **Cameco** Corp. and **Paladin Energy** Ltd., on long-term uranium supplies, he said.

"We are willing to take a controlling or minority stake in uranium companies, cooperating in uranium exploration, production or processing," Mr. Zhou said.

Last November, China's Ministry of Commerce gave Guangdong Nuclear Power permission to import uranium for civil use. The only other importer is CNNC.

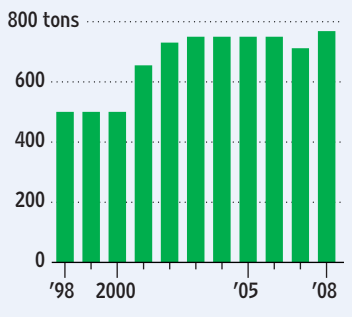
With an eye on future uranium needs, Guangdong Nuclear in early September 2009 offered 83.6 million Australian dollars (US$76.9 million) for control of uranium-exploration company **Energy Metals** Ltd.

*—Jing Yang*

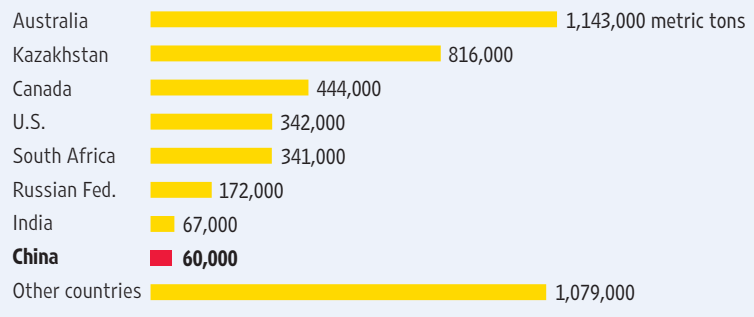
**Nuclear need**

China will need to import huge quantities of uranium to feed its nuclear reactors

China's estimated uranium production




Known recoverable uranium in selected countries, 2005




Source: World Nuclear Association

## Notice to readers

U.S. stock, bond, currency and commodities markets were closed Thursday for the Thanksgiving Day holiday. Stock markets will close at 1 pm EST Friday, and bond markets will close at 2 pm.

Associated Press

A Chinese steel worker, above, shown in April. BHP says Chinese iron-ore demand has provided a lift but the country's restocking is essentially complete.

# BHP Billiton sees an uptick

*Miner cites demand from Chinese steelmakers and gradual recovery in U.S. and Europe*

By Alex Wilson

BRISBANE, Australia—**BHP Billiton** Ltd. Thursday said demand from China's steel sector is surprisingly strong and market sentiment has improved in the past month.

The miner also dismissed speculation that **Rio Tinto** Ltd. may be cooling on plans for an iron-ore joint venture in the Pilbara region of Western Australia state and talked down the prospects of a share buyback, saying it was instead focused on spending on growth projects.

BHP Chief Executive Marius Kloppers said the rebound in commodity prices over the past six months has been driven by a surprising recovery in China, although restocking in China now looks to be essentially complete.

"One element that continues to surprise us, however, is the resilience of the Chinese steel sector," he told shareholders at the company's annual general meeting.

Annual-contract price talks between the world's biggest miners and steelmakers are getting under way, and Mr. Kloppers's comments on surprising demand from Chinese steelmakers could help boost expectations the miners will seek a sizable iron-ore price rise this year.

Mr. Kloppers said demand for commodities was also starting to climb outside of China, with some evidence that restocking in other major economies has commenced, although this is progressing cautiously in the U.S. and Europe.

"Even though market sentiment has improved since I spoke at our London [meeting] a month ago, we continue to believe that we will come out of this recession less strongly than in previous recessions," he said.

BHP and Rio are targeting synergies of more than US$10 billion from their planned iron-ore joint venture in the Pilbara, but some analysts have speculated that Rio may be cooling on the deal as its position improves.

Approval of the joint venture by the competition regulator of the European Union is seen by many as the biggest hurdle to the planned joint venture, and BHP Chairman Don Argus said the company was close to making its submission.

Mr. Kloppers said the company is aiming to sign a definitive agreement on the deal and make all its submissions to various regulators by the end of the year and that it is still targeting completion of the deal by the middle of 2010, subject to regulatory approvals.

**Chairman Don Argus said Australia needs to be open to foreign investment.**

The iron-ore joint venture would deliver BHP many of the synergies it was seeking in its failed takeover bid for Rio, which it abandoned in November 2008. Friday will mark the first day that BHP can launch a fresh takeover offer for its rival under U.K takeover laws, but Mr. Kloppers declined to comment on the prospects of another bid.

Mr. Kloppers said after the meeting that the company is more focused on spending on its growth projects, maintaining its balance sheet and increasing its dividend.

"Our first priority continues to be to deploy capital in our business," he said.

Commenting on the future of the company's failed Ravensthorpe nickel operation, Mr. Kloppers said the options were to restart the mine or to sell it and that the processes to make a decision are now essentially complete.

BHP has been running a sales process for the mine, with **China Metallurgical Group** Corp. and **Minara Resources** Ltd. lodging a joint bid, according to a person familiar with the situation.

Mr. Argus also told shareholders that Australia needs to be open to foreign investment and that the company would have no problem with Chinese investors buying some of its stock.

"We find a place for all of our shareholders, and we don't have any objection to people buying shares in BHP Billiton...but if they wanted to make a takeover for us then that becomes a different game," he said.

# Tata Steel posts a loss as Corus hinders results

By Sahil Mahtani and Raghavendra Upadhyaya

NEW DELHI—**Tata Steel** Ltd. on Thursday said it swung to a consolidated second-quarter net loss from a year-earlier profit, hurt by production cuts and higher restructuring costs because of layoffs at Anglo-Dutch unit Corus.

The world's eighth-largest steelmaker by output posted a consolidated net loss of 27.07 billion rupees ($588.8 million) in the July-September period, compared with a consolidated net profit of 47.72 billion rupees a year earlier.

Consolidated net sales fell 43% to 252.70 billion rupees from 440.50 billion rupees.

Tata Steel shares slipped after the disappointing results, closing down 3.3% at 543.45 rupees on the Bombay Stock Exchange, where the benchmark index ended 2% lower.

The Indian company said in a statement that Corus's Teesside casting plant in the U.K. was a major drag on profitability, saddling it with losses of eight billion rupees during the September quarter.

Also, Tata Steel recorded restructuring costs of 9.11 billion rupees in the second quarter, compared with 178.6 million rupees a year earlier, largely because of payments made to employees laid off in the European unit.

Corus, which contributes more than 75% of Tata Steel's consolidated revenue, posted losses because of weak demand for steel in Europe and falling prices.

Corus Chief Executive Kirby Adams said he's confident about turning around the unit by fiscal-year end. Teesside will have less of an impact on earnings, plants will run at higher capacity and there will be lower raw-material costs and a weaker British pound to help Corus perform better in the second half.

"We have talked to the [labor] unions and if the need arises, we are prepared to mothball Teesside plant. At the moment, we are running the plant on a month-to-month basis," Mr. Adams said.

Tata said it sold products—on a consolidated basis—of $890 a ton in the second quarter, up $15 a ton from the first quarter.

Tata Steel's group chief financial officer, Koushik Chatterjee, said the group had consolidated gross debt of $12.9 billion and net debt of $9.8 billion as on Sept. 30. The group is looking to reduce its gross debt by $2 billion in the next 12 months, he said.

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### Corrections & Amplifications

**Ashmore Investment Management** has more than $31 billion in assets under management. A Markets article Thursday about Russian speculative capital flows incorrectly said Ashmore had more than $3 billion in assets under management.

Associated Press

An ad in Korea shows an LG phone that has similar features to Apple's iPhone, which goes on sale Saturday.

# iPhone shakes up Korea

*Samsung slashes price on its high-end device ahead of Apple debut*

By Evan Ramstad

SEOUL—**Apple** Inc.'s iPhone on Saturday will finally go on sale in South Korea, a country that prides itself on creating and consuming cutting-edge technology but where the government raised trade barriers on smart phones to protect domestic manufacturers and carriers for several years.

Since the availability and pricing of the iPhone was announced here last week, about 40,000 people placed pre-orders for it and the country's biggest seller of phones, **Samsung Electronics** Co., slashed the price of its most advanced and expensive phone, a touch-screen model like the iPhone called Omnia.

Even so, the iPhone hasn't gotten the hype in South Korea that it has in other countries and Apple faces a huge market bias for domestic-made phones, chiefly those by Samsung and **LG Electronics** Co., which together sell about 90% of the cellphones here.

Since the South Korean government in September exempted Apple from a rule that blocked smart phones, the country's newspapers and Internet message boards have been filled with criticism of iPhone and Apple, questioning the product's quality and company's service after a sale.

"A lot of people here, the Korean media, are very critical of iPhone," says Chin Wonsuk, a filmmaker in Seoul who used an iPhone in the U.S. before moving here last year. "But no one has used it here before. They don't know what it can do."

Apple executives have stayed out of the fray. A company spokesman declined comment except to confirm product specifications and that software will be available through Internet downloads.

A spokesman for **KT** Corp., the carrier offering iPhone, says it expects the iPhone to sell more quickly than in other countries because Koreans consider cellphones a way to express status and trendiness.

In Japan, Apple experienced a slow ramp-up of sales after the iPhone became available two years ago. And in China, where Apple last month began selling the phone, sales have been slow due to modifications the company made at the government's request and the existence of a massive gray market.

South Korea for a nearly a decade has been able to boast one of the world's most advanced cellphone systems, with three carriers offering fast service everywhere, even in subways and remote mountaintops. Samsung and LG grew to become the world's second- and third-largest cellphone makers, respectively.

But South Koreans pay the highest prices in the world for cellphones and among the highest for wireless service. The average selling price for Samsung and LG phones is nearly twice as much in South Korea as it is outside the country.

The iPhone is already changing the pricing dynamic. KT will offer three iPhone models under monthly usage plans with charges ranging from 45,000 won to 95,000 won, or about $40 to $80. Depending on which plan is chosen, the iPhone's price ranges from $342 to free.

Samsung responded this week by making its Omnia phone free for people who buy an $80 monthly plan on **SK Telecom** Co., one of KT's rivals. It cut the $900 price on other plans to around $300.

Kim Beom-suk, a public relations executive in Seoul who has long said he wanted an iPhone, now says he may get an Omnia instead. "Compared to just last week, the price of Omnia is about half," he says.

The iPhone's arrival will also end the control that South Korea's cellphone makers and carriers, including KT, have had on the software that runs on phones. Applications for iPhone will be available through Apple's online service or directly from software makers.

"The most appealing part of iPhone is the variety of applications," says Lee Jae-gon, a Seoul businessman who pre-ordered one. "In the case of the domestic phones, you only use programs that are preinstalled on them."

Some Korean software firms and media companies already provide applications that South Koreans use on Apple's iPod Touch but that will also work on iPhone. A major broadcaster, MBC, provides one that allows reception of its radio broadcast and a Web portal company, **Daum Communications** Inc., provides one that offers clips of Korean TV shows.

"I think misinformation about the iPhone by some of the domestic press backfired because people already knew about the apps through iPod Touch," says Lee Sung-jin, a steel company worker who is known as South Korea's first iPhone user because he bought one in Australia in July and personally paid for its technical review by Korean government regulators.

*—Jaeyeon Woo contributed to this article.*

# Murdoch son sells News Corp. shares

By Shira Ovide

Lachlan Murdoch, the elder son of News Corp. Chairman and Chief Executive Rupert Murdoch, reported selling roughly $28 million in company stock, as his investment firm plans to purchase a stake in an Australian radio broadcaster.

Lachlan Murdoch this week sold about 2.3 million Class A, or nonvoting, shares at prices from $12 to $12.13 each, according to a filing Wednesday with the Securities and Exchange Commission. The sale is about half of Lachlan Murdoch's nonvoting stake in News Corp.

News Corp., based in New York, owns The Wall Street Journal.

Mr. Murdoch, 38 years old, serves on the company's board and runs Sydney investment firm Illyria.

Spokesmen for Lachlan Murdoch and News Corp. declined to comment on the sale.

The parent company of **DMG Radio Australia** announced on Thursday a deal to sell 50% of the radio chain to Illyria for about £63 million ($104.2 million).

# Sony says 3-D TVs to drive growth

By Daisuke Wakabayashi

Associated Press

Sony presented a TV capable of showing 3D images at the CEATEC fair in Chiba, Japan, last month.

TOKYO—**Sony** Corp. outlined details of its effort to prop up its slumping electronics business Thursday by focusing on new 3-D compatible televisions, which it said will account for up to half the TVs it sells in three years.

Hiroshi Yoshioka, Sony's executive deputy president and the head of its consumer products and devices group, also said the company is holding talks with several auto makers to enter into the promising but crowded market for lithium-ion car batteries.

He didn't name the auto makers. Most of a $1 billion investment in battery technology over the next few years will go toward car battery development, he said.

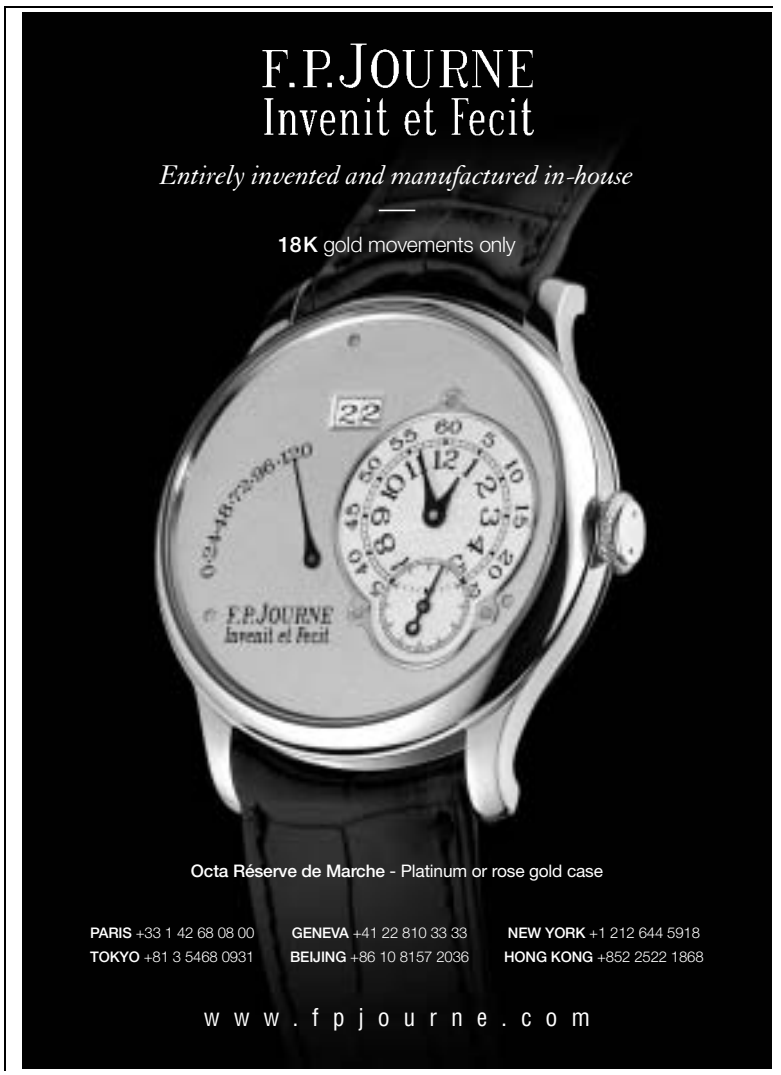
The details offered Thursday help flesh out a broad strategic vision the Japanese company offered last week, when Sony outlined plans to rely heavily on 3-D technology and online content to reach an operating profit margin of 5% in the fiscal year ending in March 2013.

Sony has already said it targets revenue of more than one trillion yen ($11.3 billion) from 3-D related products, including televisions, disk players and game consoles, in that fiscal year. The company plans to introduce a 3-D compatible television next year, and Mr. Yoshioka said Thursday those types of sets will account for between 30% and 50% of all televisions sold by the fiscal year ending in 2013. The technology lets viewers choose to watch in the current two-dimensional mode or three dimensions on their TVs while wearing special glasses.

Sales results will depend on available 3-D content, Mr. Yoshioka said, adding that he sees strong potential in videogames. Sony said 3-D television models will be priced at a premium, but it says the glasses required for viewing would be the most costly part for Sony, not the actual production of the television.

In batteries, Sony plans to play up the products' safety. Mr. Yoshioka said the batteries that the company developed after its battery problems of the past enabled Sony to create a safer product. Sony says it currently has about 2,000 employees working in the battery business, but plans to increase that figure.

Under Chief Executive Howard Stringer, Sony is moving to shake up a company plagued by shortcomings in the content and software side of the business and high costs on its manufacturing side. It has forecast an operating loss of 60 billion yen for the current fiscal year.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CORPORATE NEWS

# India alleges larger Satyam fraud

*Investigators raise charges of illegal accounting by executives to $2.56 billion; trial expected in two to three weeks*

By Romit Guha

MUMBAI—India's Central Bureau of Investigation said Thursday the accounting fraud at **Satyam Computer Services** Ltd. is now estimated at 118.8 billion rupees ($2.56 billion), much larger than the amount estimated by regulators initially.

But an executive at Satyam said it doesn't expect any additional liability from the CBI's investigation that laid out supplementary charges on the Indian software exporter.

"We have new evidence that shows the fraud is larger than what was earlier estimated," V.V. Laxmi Narayana, deputy inspector general of CBI, said. The earlier estimate was 71.36 billion rupees.

The CBI took over the investigation from the Andhra Pradesh state investigation agency a few months after Satyam Computer founder B. Ramalinga Raju admitted in January that he overstated the software exporter's profits for several years and created a fictitious cash balance of more than $1 billion.

In its second charge sheet filed Tuesday, the CBI alleged that former Satyam executives and some former auditors created fake customer identities and generated fake invoices against their names to inflate revenue by about 4.30 billion rupees.

CBI also said that the accused forged board resolutions and obtained unauthorized loans worth 12.20 billion rupees on behalf of Satyam, and used the amount to buy property worth 3.50 billion rupees.

Bloomberg News

Investigators allege Satyam's fraud was much larger than initially believed. Above, Satyam's Hyderabad headquarters.

The company had paid out dividends worth 2.3 billion rupees based on the inflated numbers, the agency said.

"The accused, being shareholders in the company, would have gotten part of the dividend," Mr. Narayana said.

Satyam also "falsified the accounts to the tune of 1.8 billion rupees" while buying Hyderabad-based business process outsourcing company Nipuna, he said.

Mr. Narayana said the case will go to trial in the next two to three weeks and that a special court is being set up to speed up the trial.

Lawyers for the accused said they haven't received the copy of the charges and couldn't comment.

Vineet Nayar, executive vice chairman of the company and **Tech Mahindra** Ltd., said he doesn't expect any additional liability from the new charges.

"The CBI is talking about the fraud by some individuals. They have talked about dividend being paid despite there being no profits, loans being raised by pledging of company's shares, but it has nothing to do with the company as such," Mr. Nayar said.

Since the accounting scandal broke out, a government-appointed board sold a majority stake in the company through an auction to Tech Mahindra. The company holds a 42.7% stake in Satyam.

Shares in Satyam rebounded on the comments about no additional liability. The stock closed up 2.4% at 92.75 rupees on the Bombay Stock Exchange, while the broader market ended provisionally 2% lower.

The stock had plunged 11% Wednesday and fell over 8% intraday Thursday after the CBI's charge sheet Tuesday.

# Rusal listing delay won't derail IPO

UC **Rusal** still aims to conduct its landmark initial public offering this year, even though regulators in Hong Kong Thursday put off a key decision on listing the embattled Russian aluminum giant, people close to the situation said.

Finalizing a deal to restructure

*By Amy Or in Hong Kong and Alexander Kolyandr in Moscow*

$7.4 billion in debt to foreign banks also has taken longer than expected, but about 99% of the lenders have now signed, according to a person close to the talks.

Rusal had hoped to win approval Thursday for its listing from Hong Kong regulators, but they needed more time to study documents on the offering which were filed only last month, according to people close to the situation.

"It's a sizable IPO and an important one, as it's the first Russian listing in Hong Kong, and so everyone wants to make it seamless," one person said.

Rusal has a "high chance" of winning approval at the next session Dec. 3, another person said, noting the roadshow for potential investors in the IPO is slated to start Dec. 7. Rusal also has applied for a listing in Paris.

The IPO is expected to raise as much as $2.5 billion, cash Rusal needs to help pay off creditors.

Among the largest possible investors is Russia's state Vneshekonombank, or VEB, which bailed out Rusal in late 2008 with a $4.5 billion loan. VEB bank could buy as much as 3% of the company at the IPO. That would make VEB an "anchor investor," Finance Minister and VEB board member Alexei Kudrin said Wednesday.

Apart from VEB, there are also "high quality institutional investors" who have committed to be cornerstone investors on the deal, one person said. Another one mentioned large Chinese companies, as potential cornerstone investors. Both declined to be more specific.

Rusal will still remain under control of Russian billionaire Oleg Deripaska after the IPO.

Rusal has added Bank of America Merrill Lynch and Nomura Holdings Inc. as underwriters for its deal, along BOC International Holdings Ltd., Russia VTB Capital, BNP Paribas SA and Credit Suisse Group, the people said.

Hong Kong stock exchange has been working to lure companies like Rusal to list in Hong Kong. The exchange is drafting rules that would govern the listing of mining companies and last month streamlined the IPO process for companies incorporated in the British dependency of Jersey, where Rusal is incorporated. It is working on doing the same for companies domiciled in the British Virgin Islands.

If successful, Rusal's listing would be the latest in a series of Hong Kong offerings by companies outside China.

*—Jonathan Cheng in Hong Kong contributed to this article.*

# *Dubai's day at the beach becomes slog through the real-estate rain*

**[ Letter from Dubai]**

By Chip Cummins

DUBAI—This city-state's surprise move to restructure its corporate jewel—and announce a standstill of **Dubai World**'s debt payments—stunned bankers and executives here, who appeared to be just shaking off the worst of a particularly nasty strain of the global financial crisis.

Dubai's announcement ended what had been an unusually upbeat past few months for the city-state. Despite the lingering debt woes at Dubai Inc., many fundamental economic indicators are signaling a slow recovery.

The biggest plus: Oil prices are rising, after plummeting late last year. Even though Dubai doesn't pump much oil itself, petrodollars grease the entire region. Marios Maratheftis, Standard Chartered's Dubai-based regional head of research, is predicting 4% growth for Dubai in 2010, compared with a 1% contraction this year.

The higher oil price "affects sentiment, it affects confidence," he says. "It affects wealth in the U.A.E. and the region."

This city-state was long the epicenter of a dizzying boom in the Persian Gulf. An oil-fired investment and spending binge culminated in the summer of 2008 when crude hit more than $140 a barrel. But by the time of Dubai's biggest bash later that year—a $20 million hotel opening on the emirate's man-made, palm-shaped island—the global financial crisis was washing ashore. Dubai property prices had already started their precipitous descent.

**Developers, many of them state-owned, still owe huge sums to international contractors.**

In the rout that followed, government-controlled and private developers postponed or canceled projects, shed workers and stopped paying bills.

At the beginning of the 20th century, Dubai was little more than a pearl-trading hub and regional entrepot. In the 1960s, oil revenue fed infrastructure investment. Later, Dubai's rulers, with a small and dwindling supply of oil, pushed economic diversification, building the region's biggest port. Starting in the 1980s, it launched a building boom that has transformed the desert town into a dazzling canyon of skyscrapers and beachside luxury hotels.

Bloomberg News

Despite Dubai's troubles, work continued at the Dubai airport on Tuesday,

The Burj Dubai, the world's tallest skyscraper, is expected to open its doors early next year.

Without much oil revenue, Dubai is reliant on debt markets not only to pay for its infrastructure projects, but also to service borrowing that funded explosive growth in recent years. It and its corporate entities have nearly $50 billion in debt coming due over the next three years, according to Standard & Poor's.

The government has so far managed to meet all its international debt obligations, stepping in to cover shortfalls in financing at some of its corporate entities. Until Wednesday, government officials—including Dubai's ruler Sheikh Mohammed bin Rashid Al Maktoum—had signaled to investors that the city-state would pay the remainder of its debts on time.

Here in Dubai, developers, many of them state-owned, still owe huge sums to international contractors. According to a London-based spokesman for the Association for Consultancy and Engineering, a trade group of British builders, Dubai entities owe as much as £200 million ($331.4 million) to British contractors alone. Still, that is down from £400 million earlier this year.

Many analysts, and even many typically upbeat real-estate executives, expect the property market to take years to claw back to 2008 levels, thanks to a staggering supply overhang built up during the boom years. A short ride on Dubai's recently finished above-ground metro makes the extent of the glut clear: "To Let" signboards litter the facades of newly finished office parks, while cranes buzz over almost-finished residential and office towers.

Even after hundreds of projects were canceled or postponed this year, new construction is expected to double Dubai's supply of office space by 2011, according to property consultancy **Colliers International**. In a sample study, the consultancy found office-occupancy rates in recently finished buildings at just 41%. At the end of the third quarter, prices of office and residential space were down by 58% and 43%, respectively, from a year ago, Colliers estimates.

Despite the numbers, international bankers and executives are now sometimes pointing out a handful of hopeful—though anecdotal—signs: Traffic is snarling again at rush hour; parking lots are filling up outside some of Dubai's vast office parks; a taxi is harder to find than just a few months ago.

"You see 'for rent' signs on every building," says Ziad Makhzoumi, chief financial officer of Arabtec Holding PJSC, one of the Mideast's biggest construction companies. "But you don't see them on every floor."

This month, Colliers reported the first increase in prices for residential property since the market started plummeting late last year. Prices for residential property at developments open to foreign purchasers climbed by 7% in the third quarter. That is still down 47% from a year earlier.

# Dubai World hits Mideast CDS costs

By Chip Cummins

DUBAI—Persian Gulf bonds tumbled and the cost of insuring against default across the region jumped Thursday, a day after the government of Dubai said it would ask to postpone debt of its corporate flagship **Dubai World**.

Credit agencies late Wednesday cut ratings of Dubai debt, as investors and analysts reassessed the region's willingness to bail out troubled borrowers.

Dubai's action also shook global markets. Stocks in London fell Thursday, with analysts blaming worry over international exposure to Dubai debt. Analysts and bankers, however, downplayed the notion of significant exposure by any one institution or any systemic risk from the announcement.

Dubai World also said port operator **DP World** will be excluded from debt standstill talks and restructuring. Dubai World, which owns 77% of DP World, has almost $60 billion worth of liabilities.

Still, the shock to confidence in the region was dramatic, even accounting for light trading because of the start of the Muslim Eid holiday in the Persian Gulf and Thanksgiving in the U.S. Even cash-rich governments such as Qatar and Abu Dhabi, a fellow member with Dubai in the United Arab Emirates, saw investors flee sovereign credit.

The cost of insuring against a Dubai default rose sharply in London's credit-default swaps market, to $547,000 per year per $10 million in debt. That was up from $318,000 on Tuesday. Insurance against a default in Saudi Arabia, backed by huge petrodollar surpluses, climbed by almost a fifth Thursday.

Reflecting the nervousness over exposure to Dubai at regional banks, default insurance for Mashreqbank, one of Dubai's biggest, more than doubled by midafternoon in London, compared to Wednesday's New York close. A representative wasn't reachable late Thursday.

Standard & Poor's said it was putting four of Dubai's biggest banks on credit watch with negative implications because of their large exposure to Dubai World debt, and more generally Dubai-related credit.

The government of Dubai said Wednesday it will take over restructuring its largest corporate entity, Dubai World, a conglomerate spanning real estate and ports. As part of that effort, it said it intended to ask lenders for at least a six-month delay on debt payments.

The so-called standstill announcement came after local business hours Wednesday and just before a long weekend holiday across the Muslim world. It surprised bankers and analysts, who had been reassured by positive statements from Dubai officials over the city-state's finances, and the recent willingness of Dubai and the federal government based in Abu Dhabi to step in and plug financing holes.

"The most negative effect of yesterday's announcement is a major shock to confidence in the U.A.E., and the region more generally," said Richard Fox, a credit analyst at **Fitch Ratings** in London. "People will now question government support."

The Dubai World restructuring represents the most significant fallout so far in the city-state's year-long economic crisis, triggered by a collapse in Dubai's once-booming real-estate sector late last year. Regional banks were already hobbled by a global credit freeze late last year and exposure to Dubai's wilted property market.

The market moves are likely to translate into much higher borrowing costs for Dubai entities.

Standard & Poor's recently estimated Dubai's government and its corporations have some $50 billion in debt coming due in the next three years.

# Deutsche, BNP Paribas sue BofA

By Chad Bray

NEW YORK—**Deutsche Bank** AG and a unit of **BNP Paribas** SA separately sued **Bank of America** Corp. on Wednesday, alleging that the bank has failed to repay about $1.7 billion in secured notes issued by a special-purpose entity.

The breach-of-contract lawsuits, filed in U.S. District Court in Manhattan, allege that Bank of America has failed to redeem $480.7 million in secured notes held by BNP Paribas and $1.2 billion held by Deutsche Bank.

The notes were issued by **Ocala Funding** LLC, a special-purpose entity that provided short-term liquidity funding to Taylor, Bean & Whitaker Mortgage Corp. pending the sale of mortgages to Freddie Mac.

Bank of America acted as collateral agent, custodian, indenture trustee and depositary for the notes, according to the lawsuits.

In its lawsuit, BNP Paribas said TBW's offices were raided by federal agents in August and the company was delisted as an approved seller of mortgages to Freddie Mac, triggering an event of default and making the notes immediately due.

TBW filed for bankruptcy-court protection in August.

Deutsche Bank made its initial investments in the notes in December 2007. BNP Paribas made its investment in June 2008.

A Bank of America spokesman didn't immediately have a comment when reached Wednesday.


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MARKETS

# U.K. cracks whip on corporate governance

*Independent report recommends tough disclosure rules for banks' high-end compensation, boards to monitor risk*

By Sara Schaefer Muñoz

LONDON—An independent commission on corporate governance at U.K. banks on Thursday will issue a final report recommending tough rules seeking greater disclosure of high-end compensation and calling on boards to closely monitor risk.

The report, commissioned by the U.K. government and drawn up by David Walker, a former executive director of the Bank of England and now a senior adviser to Morgan Stanley, also calls for board members to be more deeply involved in the operation of banks in areas such as remuneration and risk.

"It is not about presiding over a lunch and then taking all the board off to the golf club," Sir David said in an interview Wednesday.

The report, to be released Thursday, follows preliminary findings that were released in July. The proposals are advice to the U.K. government, which commissioned the report earlier this year.

A spokesman for the British Bankers' Association declined on Wednesday to comment on the final report because it hadn't been released, but said it agreed with the general principles that were outlined in July.

The final report hews closely to the earlier proposals but tightens the screws in some areas. It says banks should be required to disclose—but not name—high-end earners making more than £1 million, or $1.66 million, a year in total compensation, and disclose details of employee salary, cash bonus, deferred shares and long-term awards. The preliminary report had suggested the disclosure be voluntary.

**The final report hews closely to the earlier proposals but tightens the screws in some areas.**

Sir David said the disclosure would shift attention away from top executives' pay and ensure that other employees who influence the bank are held accountable. It also recommends extending the role of the compensation committee to oversee the pay of all the firm's employees, not just executives.

Other recommendations concerning pay packages are similar to those proposed by the Group of 20, which were agreed to by U.K. banks last month. The Walker report says at least half of bonuses should be paid in the form of a long-term incentive program, with half vesting after three years and the rest after five years, and two-thirds of cash bonuses should also be deferred.

Espousing the idea that investors should be encouraged to behave more like owners of the bank, rather than short-term traders, the report proposes they sign up for a stewardship code spelling good management and risk practices. Compliance with the code would be monitored by the Financial Services Authority, the U.K.'s financial watchdog. The report also says that bank chairmen should encourage regular dialogue between the bank and investors.

Over some banks' objections, the report also calls for the establishment of independent risk committees at the board level, as well as mandating that banks employ a chief risk officer that can be fired only with the board's agreement.

In response to concerns that tougher corporate governance will put U.K. banks at a competitive disadvantage, Sir David said the rules wouldn't be implemented until at least a year from now, and by then he hopes other countries will be taking similar steps.


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# Minsheng Bank declines 3.1% in IPO debut

By Aries Poon

HONG KONG—**China Minsheng Banking** Corp.'s shares fell 3.1% in their Hong Kong debut in the territory's biggest initial public offering this year.

Analysts said Thursday's disappointing start was because the stock is seen as expensive compared with bigger Chinese banks and because of concerns about the possible need for fund raising in the sector.

Minsheng Bank's Class H shares ended at 8.80 Hong Kong dollars (US$1.14), near its intraday low of HK$8.78 and below its IPO price of HK$9.08. The benchmark Hang Seng Index ended down 1.8% at 22210.41. The stock had already listed in Shanghai, where its Class A shares fell 5.7% Thursday, to 7.88 yuan (US$1.15). The Shanghai Composite Index fell 3.6%, to 3170.98.

Class H shares are Hong Kong-listed shares issued by a company registered and based in China. Class A shares are yuan-denominated shares of Chinese companies listed on mainland exchanges.

The midsized lender earlier raised US$3.86 billion after pricing the Hong Kong IPO around the middle of its indicative range of HK$8.50 to HK$9.50. Private-equity firm **Hopu Investment Management** Co. dropped its plan to participate in the IPO because of the pricing, which also may have weighed on the bank's debut.

A Hong Kong fund manager said Minsheng Bank's Class H shares are trading at a valuation of about 3.5 times the bank's book value. That is higher than many of the bank's bigger rivals.

Bank of China Ltd. is trading at two times book value and China Construction Bank is trading at 2.7 times, according to data from Morgan Stanley.

Sandra Cai, an analyst at Samsung Securities, said Minsheng Bank's operating costs also are higher than those of its rivals, which weighs on the outlook for the lender's net profit.

"We think cost savings will be difficult, as its current business focus is to enlarge market share through branch expansion, marketing and an attractive incentive plan to motivate staff," Ms. Cai said.

MARKETS

# Fidelity's Bolton cancels retirement

*Money manager will start new fund focused on companies exposed to Chinese consumer; passing a key threshold*

By Alex Frangos

HONG KONG—Fidelity fund manager Anthony Bolton is canceling his retirement to start a new fund focused on companies exposed to Chinese consumer growth.

Mr. Bolton, 59 years old and well-regarded as a market-beating investor based in London, said his move is a reflection of the shifting center of gravity in the world economy.

China is on the cusp of a major transformation in its economy thanks to rising incomes, Mr. Bolton said. He points to studies that show consumers in emerging economies launch into a new phase of purchasing when per-capita gross domestic product hits $4,000 to $5,000. He compares China to Korea and Taiwan two or three decades ago.

"That offers huge potential for a number of areas of the economy," he said.

According to forecasts from the International Monetary Fund, China's per-capita GDP will be $3,565 this year and $4,336 in 2011.

"As average incomes pass this key threshold, you get a big growth in the group that can afford to make the purchases of cars, apartments, etc., and that is where China is today," he said.

Mr. Bolton said China's command-driven economy gives it an advantage over more democratically run countries such as India and Indonesia.

"It's happening with a centrally run economy at the same time where things get done where often in other economies they get bogged down in politics," he said. He acknowledged China's political system has "advantages and disadvantages."

But when picking stocks, he said he has come to appreciate the leg up some state-controlled companies have in China over privately held firms. State-owned enterprises "get access to deals not available to private companies. I'll bear that in mind," he said.

Reuters

Anthony Bolton listens to a question at an October news conference in Seoul. He said China's expected rise in GDP in the next few years offers "huge potential."

The stock picker said investing in China isn't just about individual company performance.

"Long term, you'll make a currency gain as well as stock gains," he said. China eventually may allow its currency, the yuan, to strengthen against developed currencies, a factor that would boost results for overseas investors.

Mr. Bolton managed Fidelity International's Special Situations Fund from December 1979 through the end of 2007, when he stepped down near the top of the market. Over that time, the fund, which specializes in finding undervalued companies, returned 19.5% on an annualized basis. Its benchmark index returned 13.5%.

Fidelity International is affiliated with U.S. mutual-fund company Fidelity Investments, itself a unit of FMR LLC.

"China is the opportunity of a generation, and I'll only be able to play a bit of a part of that because I'm not going to do it forever. I said I'd do it for at least the next two years," he said.

# Daiwa Securities to expand

By Amy Or

HONG KONG—**Daiwa Securities Group** Inc. said it will invest $1.15 billion to build up its operations in Asia outside Japan and is looking to hire as many as 470 people in the next two to three years as it works toward building a full-service investment bank.

The brokerage, which is the second-largest in Japan by revenue after Nomura Holdings Inc., already has 650 staff in the region outside Japan, working in 10 markets including Hong Kong, China and India.

"If we are overly dependent on the Japanese market, our future won't be rosy," said Takashi Hibino, a deputy president with Daiwa Securities' wholesale unit, Daiwa Securities SMBC Co. Ltd.

Daiwa Securities SMBC will become a wholly owned unit of Daiwa Securities Group after a joint-venture agreement with **Sumitomo Mitsui Financial Group** Inc. lapses at the end of the year.

Daiwa Securities Group will buy a 40% stake in Daiwa Securities SMBC from Sumitomo Mitsui in a transaction valued at 200 billion yen ($2.26 billion).

While it commands a leading position in its home turf, Daiwa Securities Group has trailed big investment banks outside Japan.

Daiwa Securities Group is following the footsteps of other Japanese financial-services companies leaving their slow-growing home, with its surfeit of banks, and looking to the rest of the world for growth.

Nomura Holdings last year purchased the non-Japan Asia arm of Lehman Brothers following its bankruptcy. Mitsubishi UFJ Financial Group Inc. struck a partnership with Morgan Stanley last year when the Wall Street bank was looking for help in the midst of the global financial crisis. Sumitomo Mitsui has said it is seeking a bigger global presence via alliances with other banks.

> The bank aims to be among the top 10 in equity-capital markets by 2013.

According to data provider Dealogic, Daiwa Securities Group ranked 81st in terms of fees earned this year from deals in the equity-capital markets, 53rd in the debt-capital markets and 87th for mergers and acquisitions.

It helped handle the order-taking process for Korean life insurer Tong Yang Life Insurance Co.'s $285 million initial public offering in September and China High Precision Automation Group Ltd.'s $129 million Hong Kong IPO earlier this month.

On the fixed-income side, it advised Industrial Bank of Korea on its $291 million corporate bond last month and the Indonesian government's $359 million sovereign-bond issue in July.

But Daiwa Securities Group is aiming high.

While declining to give up-to-date figures on its Asia ex-Japan revenues, it said it expects Asian operations to contribute 53 billion yen in revenues in 2011, compared with just under 10 billion yen in 2008.

It also aims to be among the top five equities brokers in the region outside Japan by March 2012 and among the top 10 players in equity-capital markets by March 2013.

"At the moment, there is no Asia-based investment bank for Asian companies. We are trying to be that," Mr. Hibino said.

One bright spot, Mr. Hibino said, is the potential for Shanghai listings of Japanese companies.

At the moment, China doesn't allow foreign companies to list domestically. While authorities have said they will relax the rules, no time frame has been set.

On Thursday, Daiwa Securities Group's shares closed down 0.2% at 446 yen on the Tokyo Stock Exchange. The broad market also slipped, as a stronger yen weighed on the shares of major exporters.

# *A sharp recession doesn't always herald fast recovery*

[ AHEAD OF THE TAPE ]

| By Mark Gongloff

One argument for a strong economic recovery rests on the historical observation that deep declines are followed by sharp rebounds.

Yet, despite the Great Recession being the deepest downturn since the Great Depression, the initial surge of recovery so far has been as anemic as those that followed short, shallow recessions. It may be losing momentum.

The latest recession likely ended with the second quarter of 2009, many economists believe. With a shove from government stimulus, U.S. gross domestic product expanded at a 2.8% annualized rate in the third quarter, and many economists think that growth rate will be roughly matched this quarter.

That's not bad, but it would amount to a rather paltry 1.4% increase in inflation-adjusted GDP in the first two quarters after recession.

In comparison, by this point following the eight recessions between World War II and 1982, GDP had increased 4%, on average.

This recovery so far has echoed the shallow recoveries of 1990-91 and 2001, when GDP grew 1.1% and 1.4%, respectively, in the first two quarters out of recession.

It may be too early to properly judge this recovery. Growth could accelerate next year. But there is little to suggest it will.

The Economic Cycle Research Institute's weekly leading index of economic indicators, which spotted the economy's turn early this year, is still "consistent with a steady economic recovery," says ECRI managing director Lakshman Achuthan.

But the leading index's year-over-year growth rate has flattened and turned lower after hitting a record high in October.

The recovery may live, in other words, but is hardly hearty. Many on Wall Street are giving thanks for the frail recovery—it means the Federal Reserve's easy-money policy will continue to provide a cozy environment for risk-taking. But without fundamental improvement, healthy asset rallies will be harder to achieve in 2010.

# Technical glitch shuts London trade for hours

*Securities resumed trade in afternoon; cause investigated*

By Vladimir Guevarra And Luke Jeffs

LONDON—**London Stock Exchange Group** PLC resumed share trading on Thursday afternoon after suspending it for more than three hours due to a technical glitch.

An LSE spokesman said the cause of the trouble was still being investigated. It was unclear how much in terms of trading volume and value was lost during the suspension. But in October, the average daily value traded on the U.K. order book was £4.2 billion ($6.96 billion).

**The suspension was a blow for the exchange, which has been keen to establish itself as a tech-savvy market.**

The exchange took trading offline in mid morning, placing all order-driven securities into an auction call period instead. That allowed customers to continue to place buy and sell orders into the exchange's order book, but they weren't being executed.

The spokesman said: "When stocks are in auction, you're able to input a trade or go into the order book, but nothing gets executed, so effectively nothing is trading."

When the exchange took trading off line, it froze the FTSE 100 at 5264.97, after customers reported intermittent connectivity issues during the morning session. The index closed 3.1% lower at 5201.1.

The glitch halted trade when stock indexes in both Europe and Asia were down sharply as investors fretted over debt problems at Dubai World, a government investment company, and the continued fall in the U.S. dollar. Those factors were driving interest on a normally quiet day—Wall Street is closed for Thanksgiving Day.

The suspension, which affected all FTSE 100, FTSE 250 and other UK-listed stocks traded on the LSE, was a blow for the exchange, which has been keen to establish itself as a tech-savvy market amid pressure from new entrants with faster and cheaper systems.

The glitch comes a day after Chief Executive Xavier Rolet reiterated plans for the LSE to replace its TradeElect trading engine with a faster one.

It also comes after another glitch earlier this month when 300 stocks couldn't be traded for an hour and a half before the market closed. In September last year, another problem stopped trading for several hours.

Shares of the exchange operator closed 5.2% lower.

# Dollar climbs against euro, down vs yen

By Nicholas Hastings

LONDON—The dollar rose against European currencies Thursday, driven both by fear of a debt default by Dubai World as well as talk of intervention by the Bank of Japan and suspected intervention by the Swiss National Bank.

**CURRENCY MARKETS**

Traders also reined in their dollar selling against the Australian and New Zealand dollars. But the dollar remained down against the yen, where it hit a 14-year low against the yen during Asian trading. Investors then were worried about how long U.S. interest rates will have stay at low levels. The dollar also was driven lower by reports that Russia is planning to diversify some of its foreign-exchange reserves into the Canadian dollar.

Dubai World, a holding company for the Dubai government, shocked financial markets with a request for a delay in repayment on about $35 billion of its debt, sparking a selloff in Asian and European stocks. U.S. markets are closed for the Thanksgiving Day holiday.

In the meantime, the Swiss National Bank appeared to have run out of patience with the Swiss franc's rise against the dollar and is suspected of wading into the market early in the European day with intervention to drive it back down against the U.S. currency. The central bank didn't confirm the move itself, but UBS issued a note stating that the SNB surprised the market with its move.

Midday in New York, the dollar was at 86.50 yen, down from 87.50 yen late Wednesday. The euro at $1.4986, down from $1.5144 late Wednesday. The euro was at 129.33 yen, from 132.25 yen.

The U.K. pound was at $1.4986, from $1.6724, while the dollar rose to 1.0044 Swiss francs, from 0.9959 francs late Wednesday.

The dollar's lurch lower late Wednesday in New York appeared to have been due to Tuesday's minutes from the November meeting of the U.S. Federal Reserve, which hinted that current levels of dollar weakness weren't a concern. Thin liquidity in a quiet Thanksgiving holiday week and a rush of yen buying as investors bailed out of old bets accelerated the move.

# FUND SCORECARD

## HF Convertible Arbitrage

Profit from pricing discrepancy of a company´s stock and its convertible bonds. Since pricing discrepancies are small, many employ leverage to increase return. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending November 26, 2009

### Leading 10 Performers

| FUND RATING* | FUND NAME | FUND MGM'T CO. | CURR. | LEGAL BASE | % Return in $US ** YTD | 1-YR | 2-YR | 5-YR |
|---|---|---|---|---|---|---|---|---|
| NS | **Kallista CB Arbitrage EUR Fund Ltd** | ADI - Alternative Investments | EUR | Cayman Isl | **NS** | 63.14 | -13.29 | 0.70 |
| 2 | **JB Convertible Bond Hedge Fd** | Augustus Asset Managers Limited | USD | Cayman Isl | **46.78** | 58.56 | 1.66 | NS |
| 3 | **Advent Convertible Arbitrage Fund** | Advent Capital Management, LLC | USD | United States | **38.94** | 43.71 | 2.23 | 3.96 |
| 1 | **Symphony Arpeggio Fund** | Symphony Asset Management, LLC | USD | Cayman Isl | **49.67** | 40.71 | -1.61 | 3.01 |
| 1 | **Mohican VCA Offshore Fund Ltd** | Mohican Financial Mgt LLC | USD | Cayman Isl | **46.57** | 40.10 | 9.34 | 9.53 |
| 1 | **Mohican VCA Fund LP** | Mohican Financial Mgt LLC | USD | Cayman Isl | **46.27** | 39.54 | 8.86 | 9.11 |
| NS | **Concordia Class B Volatility Arbitrage** | Concordia Advisors (Bermuda) Ltd. | USD | Bermuda | **24.03** | 37.83 | 15.19 | 7.54 |
| 5 | **Inflective Convert Opp Fund I Ltd** | Inflective Asset Management, LLC | USD | Cayman Isl | **13.73** | 36.86 | 8.97 | 8.52 |
| 5 | **Inflective Convert Opp Fund I LP** | Inflective Asset Management, LLC | USD | United States | **13.75** | 36.42 | 8.85 | 8.58 |
| 1 | **Acuity Partners LP** | Acuity Capital Management LLC | USD | United States | **47.32** | 33.67 | -18.52 | -3.30 |

**NOTE**: Changes in currency rates will affect performance and rankings.
**KEY**: ** 2YR and 5YR performance is annualized
**NA**-not available due to incomplete data;
**NS**-fund not in existence for entire period

**Source**: Morningstar, Ltd
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# INTERNATIONAL INVESTMENT FUNDS [ Search by company, category or country at asia.WSJ.com/funds ]

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| **AHW CAPITAL MANAGEMENT** | | | | | | | | | |
| *Tel (+49) 1805 - 23 82 82* | | | | | | | | | |
| *www.ahw-capital.com* | | | | | | | | | |
| AHW Top-Div.Int. | GL | EQ | LUX | 11/25 | EUR | 54.59 | 21.1 | 25.3 | -27.0 |
| **ALLIANCE BERNSTEIN** | | | | | | | | | |
| *www.alliancebernstein.com/investments Tel. +800 2263 8637* | | | | | | | | | |
| Am Eq Blend A | OT | OT | LUX | 11/25 | USD | 10.33 | 25.8 | 33.1 | -14.5 |
| Am Eq Blend B | US | EQ | LUX | 11/25 | USD | 9.71 | 24.6 | 31.9 | -15.3 |
| Am Growth A | US | EQ | LUX | 11/25 | USD | 30.60 | 33.6 | 50.8 | -6.0 |
| Am Growth AX | US | EQ | LUX | 11/25 | USD | 33.01 | 34.3 | 51.7 | -5.4 |
| Am Growth B | US | EQ | LUX | 11/25 | USD | 25.75 | 32.4 | 49.3 | -6.9 |
| Am Growth C | US | EQ | LUX | 11/25 | USD | 27.70 | 33.1 | 50.1 | -6.4 |
| Am Growth I | US | EQ | LUX | 11/25 | USD | 33.88 | 34.6 | 52.0 | -5.2 |
| Am Income A | US | BD | LUX | 11/25 | USD | 8.45 | 24.1 | 33.4 | 5.6 |
| Am Income A2 | US | BD | LUX | 11/25 | USD | 18.98 | 24.7 | 33.4 | 5.6 |
| Am Income A2 | OT | OT | NA | 11/25 | HKD | 147.10 | NS | NS | NS |
| Am Income AT | OT | OT | NA | 11/25 | HKD | 65.64 | NS | NS | NS |
| Am Income AT | US | BD | LUX | 11/25 | USD | 8.47 | 24.8 | 33.5 | 5.6 |
| Am Income B | US | BD | LUX | 11/25 | USD | 8.45 | 23.3 | 32.3 | 4.7 |
| Am Income B2 | US | BD | LUX | 11/25 | USD | 16.37 | 23.9 | 32.4 | 4.9 |
| Am Income B2 | OT | OT | NA | 11/25 | HKD | 126.87 | NS | NS | NS |
| Am Income BT | OT | OT | NA | 11/25 | HKD | 65.95 | NS | NS | NS |
| Am Income BT | US | BD | LUX | 11/25 | USD | 8.51 | 24.0 | 32.4 | 4.9 |
| Am Income C | US | BD | LUX | 11/25 | USD | 8.45 | 23.6 | 32.7 | 5.0 |
| Am Income C2 | US | BD | LUX | 11/25 | USD | 24.34 | 24.2 | 32.8 | 5.1 |
| Am Income I | US | BD | LUX | 11/25 | USD | 8.45 | 24.8 | 34.2 | 6.2 |
| Am Value A | US | EQ | LUX | 11/25 | USD | 8.52 | 18.2 | 34.0 | -13.3 |
| Am Value B | US | EQ | LUX | 11/25 | USD | 7.85 | 17.0 | 32.6 | -14.2 |
| Am Value C | US | EQ | LUX | 11/25 | USD | 8.52 | 17.5 | 33.3 | -13.7 |
| Am Value I | US | EQ | LUX | 11/25 | USD | 9.16 | 19.0 | 35.1 | -12.6 |
| Asian Technology A | OT | OT | LUX | 11/25 | USD | 14.67 | 67.7 | 87.6 | -4.8 |
| Asian Technology B | OT | EQ | LUX | 11/25 | USD | 12.85 | 66.2 | 85.7 | -5.8 |
| Asian Technology I | OT | EQ | LUX | 11/25 | USD | 16.35 | 68.9 | 89.2 | -4.1 |
| Emg Mkts Debt A | GL | BD | LUX | 11/25 | USD | 15.70 | 44.0 | 60.0 | 8.8 |
| Emg Mkts Debt A2 | GL | BD | LUX | 11/25 | USD | 20.16 | 44.8 | 59.9 | 8.8 |
| Emg Mkts Debt AT | GL | BD | LUX | 11/25 | USD | 15.81 | 44.9 | 59.9 | 8.8 |
| Emg Mkts Debt B | GL | BD | LUX | 11/25 | USD | 15.70 | 42.9 | 58.5 | 7.7 |
| Emg Mkts Debt B2 | GL | BD | LUX | 11/25 | USD | 19.44 | 43.6 | 58.3 | 7.7 |
| Emg Mkts Debt BT | GL | BD | LUX | 11/25 | USD | 15.79 | 43.5 | 58.2 | 7.7 |
| Emg Mkts Debt C | GL | BD | LUX | 11/25 | USD | 15.70 | 43.5 | 59.3 | 8.3 |
| Emg Mkts Debt C2 | GL | BD | LUX | 11/25 | USD | 19.82 | 44.3 | 59.1 | 8.3 |
| Emg Mkts Debt I | GL | BD | LUX | 11/25 | USD | 15.70 | 44.6 | 60.8 | 9.3 |
| Emg Mkts Growth A | GL | EQ | LUX | 11/25 | USD | 34.11 | 70.2 | 85.2 | -12.8 |
| Emg Mkts Growth B | GL | EQ | LUX | 11/25 | USD | 28.93 | 68.7 | 83.3 | -13.6 |
| Emg Mkts Growth C | GL | EQ | LUX | 11/25 | USD | 29.58 | 69.5 | 84.4 | -13.1 |
| Emg Mkts Growth I | GL | EQ | LUX | 11/25 | USD | 37.78 | 71.4 | 86.7 | -12.0 |
| Eur Growth A | OT | OT | LUX | 11/25 | USD | 10.39 | 23.2 | 22.7 | -18.2 |
| Eur Growth A | OT | OT | LUX | 11/25 | EUR | 6.86 | 23.2 | 22.7 | -18.2 |
| Eur Growth B | OT | OT | LUX | 11/25 | EUR | 6.17 | 21.9 | 21.5 | -19.0 |
| Eur Growth B | OT | OT | LUX | 11/25 | USD | 9.34 | 21.9 | 21.5 | -19.0 |
| Eur Growth C | EU | EQ | LUX | 11/25 | EUR | 5.20 | 22.6 | 22.4 | -18.5 |
| Eur Growth I | OT | OT | LUX | 11/25 | USD | 11.31 | 23.9 | 23.7 | -17.6 |
| Eur Growth I | OT | OT | LUX | 11/25 | EUR | 7.47 | 23.9 | 23.7 | -17.6 |
| Eur Income A | OT | OT | LUX | 11/25 | EUR | 6.62 | 38.5 | 34.9 | 3.6 |
| Eur Income A | OT | OT | LUX | 11/25 | USD | 10.02 | 38.5 | 34.9 | 3.6 |
| Eur Income A2 | OT | OT | LUX | 11/25 | EUR | 12.83 | 39.3 | 34.9 | 3.7 |
| Eur Income A2 | OT | OT | LUX | 11/25 | USD | 19.43 | 39.3 | 34.9 | 3.7 |
| Eur Income AT | EU | BD | LUX | 11/25 | EUR | 6.64 | 39.3 | 34.8 | 3.7 |
| Eur Income B | OT | OT | LUX | 11/25 | EUR | 6.62 | 37.8 | 34.0 | 2.9 |
| Eur Income B | OT | OT | LUX | 11/25 | USD | 10.02 | 37.8 | 34.0 | 2.9 |
| Eur Income B2 | OT | OT | LUX | 11/25 | EUR | 11.94 | 38.4 | 33.9 | 2.9 |
| Eur Income B2 | OT | OT | LUX | 11/25 | USD | 18.08 | 38.4 | 33.9 | 2.9 |
| Eur Income BT | EU | BD | LUX | 11/25 | EUR | 6.64 | 38.5 | 33.9 | 3.0 |
| Eur Income C | OT | OT | LUX | 11/25 | EUR | 6.62 | 38.1 | 34.3 | 3.1 |
| Eur Income C | OT | OT | LUX | 11/25 | USD | 10.02 | 38.1 | 34.3 | 3.1 |
| Eur Income C2 | OT | OT | LUX | 11/25 | EUR | 12.80 | 38.8 | 34.3 | 3.2 |
| Eur Income C2 | OT | OT | LUX | 11/25 | USD | 19.38 | 38.8 | 34.3 | 3.2 |
| Eur Income I | OT | OT | LUX | 11/25 | EUR | 6.62 | 39.1 | 35.6 | 4.2 |
| Eur Income I | OT | OT | LUX | 11/25 | USD | 10.02 | 39.1 | 35.6 | 4.2 |
| Eur Strat Value A | OT | OT | LUX | 11/25 | EUR | 8.32 | 19.5 | 19.2 | -21.8 |
| Eur Strat Value A | OT | OT | LUX | 11/25 | USD | 12.60 | 19.5 | 19.2 | -21.8 |
| Eur Strat Value I | OT | OT | LUX | 11/25 | EUR | 8.52 | 20.5 | 20.3 | -21.1 |
| Eur Strat Value I | OT | OT | LUX | 11/25 | USD | 12.90 | 20.5 | 20.3 | -21.1 |
| Eur Value A | OT | OT | LUX | 11/25 | USD | 13.58 | 23.2 | 23.6 | -18.9 |
| Eur Value A | OT | OT | LUX | 11/25 | EUR | 8.97 | 23.2 | 23.6 | -18.9 |
| Eur Value B | OT | OT | LUX | 11/25 | EUR | 8.26 | 22.0 | 22.4 | -19.7 |
| Eur Value B | OT | OT | LUX | 11/25 | USD | 12.51 | 22.0 | 22.4 | -19.7 |
| Eur Value C | OT | OT | LUX | 11/25 | USD | 13.14 | 22.6 | 23.1 | -19.3 |
| Eur Value C | OT | OT | LUX | 11/25 | EUR | 8.68 | 22.6 | 23.1 | -19.3 |
| Eur Value I | OT | OT | LUX | 11/25 | EUR | 15.67 | 24.0 | 24.5 | -18.3 |
| Eur Value I | OT | OT | LUX | 11/25 | USD | 10.35 | 24.0 | 24.5 | -18.3 |
| Gl Balanced (Euro) A | OT | OT | LUX | 11/25 | USD | 17.10 | 19.1 | 23.0 | -11.2 |
| Gl Balanced (Euro) B | OT | OT | LUX | 11/25 | USD | 16.67 | 18.0 | 21.8 | -12.1 |
| Gl Balanced (Euro) C | OT | OT | LUX | 11/25 | USD | 16.97 | 18.9 | 22.8 | -11.5 |
| Gl Balanced (Euro) I | OT | OT | LUX | 11/25 | USD | 17.40 | NS | NS | NS |
| Gl Balanced A | US | BA | LUX | 11/25 | USD | 16.57 | 24.7 | 31.3 | -10.1 |
| Gl Balanced B | US | BA | LUX | 11/25 | USD | 15.77 | 23.6 | 30.0 | -11.0 |
| Gl Balanced C | OT | OT | LUX | 11/25 | USD | 16.33 | 24.4 | 30.8 | -10.3 |
| Gl Balanced C | OT | OT | LUX | 11/25 | EUR | 10.78 | 24.4 | 30.8 | -10.3 |
| Gl Balanced I | US | BA | LUX | 11/25 | USD | 17.17 | 25.4 | 32.2 | -9.4 |
| Gl Bond A | US | BD | LUX | 11/25 | USD | 9.33 | 13.0 | 17.6 | 4.7 |
| Gl Bond A2 | US | BD | LUX | 11/25 | USD | 16.11 | 13.4 | 17.6 | 4.7 |
| Gl Bond A2 | OT | OT | NA | 11/25 | HKD | 124.85 | 13.4 | 17.6 | 4.7 |
| Gl Bond AT | OT | OT | LUX | 11/25 | HKD | 72.39 | 13.4 | 17.6 | 4.7 |
| Gl Bond AT | US | BD | LUX | 11/25 | USD | 9.34 | 13.4 | 17.6 | 4.7 |
| Gl Bond B | US | BD | LUX | 11/25 | USD | 9.33 | 12.1 | 16.4 | 3.6 |
| Gl Bond B2 | US | BD | LUX | 11/25 | USD | 14.12 | 12.3 | 16.4 | 3.6 |
| Gl Bond B2 | OT | OT | NA | 11/25 | HKD | 109.43 | 12.3 | 16.4 | 3.6 |
| Gl Bond BT | OT | OT | LUX | 11/25 | HKD | 72.62 | 12.3 | 16.4 | 3.6 |
| Gl Bond BT | US | BD | LUX | 11/25 | USD | 9.37 | 12.3 | 16.4 | 3.6 |
| Gl Bond C | US | BD | LUX | 11/25 | USD | 9.33 | 12.6 | 17.1 | 4.2 |
| Gl Bond C2 | US | BD | LUX | 11/25 | USD | 13.98 | 12.8 | 17.0 | 4.2 |
| Gl Bond I | US | BD | LUX | 11/25 | USD | 9.33 | 13.5 | 18.2 | 5.3 |
| Gl Conservative A | US | BA | LUX | 11/25 | USD | 15.03 | 16.6 | 21.0 | -3.6 |
| Gl Conservative A2 | US | BA | LUX | 11/25 | USD | 17.00 | 16.6 | 20.9 | -3.6 |
| Gl Conservative B | US | BA | LUX | 11/25 | USD | 15.00 | 15.6 | 19.7 | -4.6 |
| Gl Conservative B2 | US | BA | LUX | 11/25 | USD | 16.17 | 15.6 | 19.7 | -4.6 |
| Gl Conservative C | US | BA | LUX | 11/25 | USD | 15.01 | 16.2 | 20.4 | -4.1 |
| Gl Conservative C2 | US | BA | LUX | 11/25 | USD | 16.64 | 16.2 | 20.4 | -4.1 |
| Gl Conservative I | US | BA | LUX | 11/25 | USD | 15.10 | 17.5 | 21.9 | -2.9 |
| Gl Eq Blend A | GL | EQ | LUX | 11/25 | USD | 11.72 | 31.1 | 39.7 | -20.3 |
| Gl Eq Blend B | GL | EQ | LUX | 11/25 | USD | 11.01 | 30.0 | 38.1 | -21.1 |
| Gl Eq Blend C | GL | EQ | LUX | 11/25 | USD | 11.52 | 30.6 | 39.0 | -20.6 |
| Gl Eq Blend I | GL | EQ | LUX | 11/25 | USD | 12.36 | 32.2 | 40.8 | -19.6 |
| Gl Growth A | GL | EQ | LUX | 11/25 | USD | 41.95 | 30.1 | 37.5 | -21.1 |
| Gl Growth B | GL | EQ | LUX | 11/25 | USD | 35.05 | 28.9 | 36.1 | -21.8 |
| Gl Growth C | GL | EQ | LUX | 11/25 | USD | 40.27 | 29.5 | 36.8 | -21.4 |
| Gl Growth I | GL | EQ | LUX | 11/25 | USD | 46.54 | 31.0 | 38.6 | -20.4 |
| Gl High Yield A | US | BD | LUX | 11/25 | USD | 4.27 | 56.2 | 66.7 | 3.8 |
| Gl High Yield A2 | US | BD | LUX | 11/25 | USD | 9.06 | 57.3 | 66.5 | 3.8 |
| Gl High Yield A2 | OT | OT | NA | 11/25 | HKD | 70.22 | 57.3 | 66.5 | 3.8 |
| Gl High Yield AT | OT | OT | NA | 11/25 | HKD | 32.94 | 57.6 | 66.5 | 3.8 |
| Gl High Yield AT | US | BD | LUX | 11/25 | USD | 4.25 | 57.6 | 66.5 | 3.8 |
| Gl High Yield B | US | BD | LUX | 11/25 | USD | 4.27 | 54.5 | 64.4 | 2.6 |
| Gl High Yield B2 | US | BD | LUX | 11/25 | USD | 14.59 | 56.0 | 65.0 | 2.8 |
| Gl High Yield B2 | OT | OT | NA | 11/25 | HKD | 113.07 | 56.0 | 65.0 | 2.8 |
| Gl High Yield BT | OT | OT | NA | 11/25 | HKD | 33.48 | 55.8 | 65.1 | 2.8 |
| Gl High Yield BT | US | BD | LUX | 11/25 | USD | 4.32 | 55.8 | 65.1 | 2.8 |
| Gl High Yield C | US | BD | LUX | 11/25 | USD | 4.27 | 55.5 | 65.7 | 3.3 |
| Gl High Yield C2 | US | BD | LUX | 11/25 | USD | 13.44 | 56.8 | 65.9 | 3.4 |
| Gl High Yield I | US | BD | LUX | 11/25 | USD | 4.27 | 57.2 | 67.9 | 4.5 |
| Gl Value A | GL | EQ | LUX | 11/25 | USD | 11.24 | 32.4 | 41.9 | -19.5 |
| Gl Value B | GL | EQ | LUX | 11/25 | USD | 10.34 | 31.2 | 40.5 | -20.3 |
| Gl Value C | GL | EQ | LUX | 11/25 | USD | 10.93 | 31.8 | 41.4 | -19.9 |
| Gl Value I | GL | EQ | LUX | 11/25 | USD | 11.94 | 33.3 | 43.0 | -18.9 |
| Greater China A | AS | EQ | LUX | 11/25 | USD | 40.09 | 56.3 | 76.7 | -15.6 |
| Greater China B | AS | EQ | LUX | 11/25 | USD | 35.52 | 54.9 | 75.0 | -16.5 |
| Greater China C | AS | EQ | LUX | 11/25 | USD | 39.61 | 55.7 | 75.9 | -16.0 |
| India Growth A | OT | OT | LUX | 11/25 | USD | 126.14 | NS | NS | NS |
| India Growth AX | OT | OT | LUX | 11/25 | USD | 110.23 | 90.8 | 110.0 | -6.6 |
| India Growth B | OT | OT | LUX | 11/25 | USD | 132.28 | NS | NS | NS |
| India Growth BX | OT | OT | LUX | 11/25 | USD | 94.32 | 89.1 | 108.0 | -7.5 |
| India Growth I | EA | EQ | LUX | 11/25 | USD | 114.18 | 91.5 | 110.9 | -6.3 |
| Int'l Health Care A | OT | EQ | LUX | 11/25 | USD | 135.12 | 15.1 | 24.0 | -9.2 |
| Int'l Health Care B | OT | EQ | LUX | 11/25 | USD | 114.09 | 14.0 | 22.7 | -10.1 |
| Int'l Health Care C | OT | EQ | LUX | 11/25 | USD | 129.56 | 14.6 | 23.4 | -9.6 |
| Int'l Health Care I | OT | EQ | LUX | 11/25 | USD | 147.52 | 15.9 | 25.0 | -8.5 |
| Int'l Technology A | OT | EQ | LUX | 11/25 | USD | 105.13 | 43.7 | 54.5 | -12.6 |
| Int'l Technology B | OT | EQ | LUX | 11/25 | USD | 91.19 | 42.4 | 53.0 | -13.5 |
| Int'l Technology C | OT | EQ | LUX | 11/25 | USD | 101.64 | 43.1 | 53.8 | -13.0 |
| Int'l Technology I | OT | EQ | LUX | 11/25 | USD | 117.78 | 44.7 | 55.8 | -11.9 |
| Japan Eq Blend A | JP | EQ | LUX | 11/25 | JPY | 5392.00 | 0.5 | 7.2 | -26.2 |
| Japan Eq Blend B | JP | EQ | LUX | 11/25 | JPY | 5208.00 | -0.4 | 6.1 | -27.0 |
| Japan Eq Blend C | JP | EQ | LUX | 11/25 | JPY | 5308.00 | 0.1 | 6.7 | -26.6 |
| Japan Growth A | JP | EQ | LUX | 11/25 | JPY | 5321.00 | -4.4 | 0.6 | -26.6 |
| Japan Growth B | JP | EQ | LUX | 11/25 | JPY | 5140.00 | -5.2 | -0.4 | -27.3 |
| Japan Growth C | JP | EQ | LUX | 11/25 | JPY | 5239.00 | -4.7 | 0.2 | -26.9 |
| Japan Strat Value A | JP | EQ | LUX | 11/25 | JPY | 5452.00 | 5.7 | 14.2 | -26.1 |
| Japan Strat Value B | JP | EQ | LUX | 11/25 | JPY | 5271.00 | 4.8 | 13.1 | -26.9 |
| Japan Strat Value C | JP | EQ | LUX | 11/25 | JPY | 5363.00 | 5.3 | 13.6 | -26.5 |
| Real Estate Sec. A | OT | EQ | LUX | 11/25 | USD | 13.93 | 30.6 | 51.7 | -17.5 |
| Real Estate Sec. B | OT | EQ | LUX | 11/25 | USD | 12.75 | 29.4 | 50.2 | -18.4 |
| Real Estate Sec. I | OT | EQ | LUX | 11/25 | USD | 14.96 | 31.5 | 53.0 | -16.9 |
| Short Mat Dollar A | US | BD | LUX | 11/25 | USD | 7.21 | 10.2 | 10.5 | -6.8 |
| Short Mat Dollar A2 | US | BD | LUX | 11/25 | USD | 9.68 | 10.5 | 10.4 | -6.9 |
| Short Mat Dollar AT | US | BD | LUX | 11/25 | USD | 7.22 | 10.6 | 10.5 | -6.8 |
| Short Mat Dollar B | US | BD | LUX | 11/25 | USD | 7.21 | 9.7 | 10.0 | -7.2 |
| Short Mat Dollar B2 | US | BD | LUX | 11/25 | USD | 9.64 | 10.0 | 9.9 | -7.3 |
| Short Mat Dollar BT | OT | OT | LUX | 11/25 | USD | 7.23 | 9.4 | 9.3 | -7.5 |
| Short Mat Dollar C | US | BD | LUX | 11/25 | USD | 7.21 | 9.7 | 10.0 | -7.2 |
| Short Mat Dollar C2 | US | BD | LUX | 11/25 | USD | 13.63 | 10.1 | 9.9 | -7.2 |
| Short Mat Dollar I | US | BD | LUX | 11/25 | USD | 7.21 | 10.7 | 11.1 | -6.3 |

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| **ALEXANDRA INVESTMENT MANAGEMENT** | | | | | | | | | |
| *Tel: +1 212 301 1800 Fax: +1 212 301 1810* | | | | | | | | | |
| Alexandra Convertible Bond Fund I, Ltd. (Class A) | OT | OT | VGB | 10/30 | USD | 1642.69 | 69.6 | 71.6 | NS |
| **CREDIT PACIFIC ASSET MANAGMENT** | | | | | | | | | |
| *www.creditpacific.com* | | | | | | | | | |
| CPS-Master Priv Fund | GL | OT | WSM | 11/24 | USD | 119.61 | 19.6 | 19.2 | 10.1 |
| **PLATINUM CAPITAL MANAGEMENT** | | | | | | | | | |
| *Tel: +44 207 024 9840, www.platinumfunds.net* | | | | | | | | | |
| Platinm-All Star | OT | OT | CYM | 09/30 | USD | 94.24 | 12.2 | -6.9 | -12.2 |
| Platinm-All Weather | OT | OT | USA | 10/31 | USD | 129.92 | 2.4 | 3.2 | 3.8 |
| Platinm-Dynasty | OT | OT | USA | 09/30 | USD | 108.96 | 6.0 | 3.6 | -31.0 |
| Platinm-Emancipation | OT | OT | USA | 09/30 | USD | 96.83 | 29.4 | 0.4 | -7.7 |
| Platinm-Equity Plus | OT | OT | USA | 05/29 | USD | 35.02 | -18.2 | -63.7 | -45.6 |
| Platinm-Gbl Dividend | OT | OT | CYM | 09/30 | USD | 59.71 | 27.4 | -18.1 | -32.3 |
| Platinm-Nordic | OT | OT | CYM | 09/30 | SEK | 591.49 | 8.4 | -6.2 | -19.0 |
| Platinm-Premier | OT | OT | CYM | 12/31 | USD | 21.20 | -55.9 | -66.0 | -44.3 |
| Platinm-Turnberry | OT | OT | USA | 09/30 | USD | 55.93 | NS | 8.3 | -39.0 |
| **SUPERFUND ASSET MANAGEMENT GMBH** | | | | | | | | | |
| *For info about open funds, contact info@superfund.com and www.superfund.com* | | | | | | | | | |
| **Closed for New Investments* | | | | | | | | | |
| Superfund Cayman* | OT | OT | CYM | 11/24 | USD | 49.38 | -40.7 | -37.2 | 1.5 |
| Superfund GCT USD* | GL | EQ | LUX | 11/24 | USD | 2532.00 | -30.7 | -29.1 | 2.6 |
| Superfund Green Gold A (SPC) | OT | OT | CYM | 11/24 | USD | 1139.48 | -2.0 | 18.2 | 17.9 |
| Superfund Green Gold B (SPC) | OT | OT | CYM | 11/24 | USD | 1157.81 | -14.1 | 4.2 | 15.3 |
| Superfund Q-AG* | OT | OT | AUT | 11/24 | EUR | 7168.00 | -18.2 | -16.5 | 5.5 |
| **WINTON CAPITAL MANAGEMENT LTD** | | | | | | | | | |
| *Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301* | | | | | | | | | |
| Winton Evolution EUR Cls H | OT | OT | CYM | 10/30 | EUR | 939.64 | NS | NS | NS |
| Winton Evolution GBP Cls G | OT | OT | CYM | 10/30 | GBP | 943.02 | NS | NS | NS |
| Winton Evolution USD Cls F | OT | OT | CYM | 10/30 | USD | 1189.62 | -6.2 | -1.5 | 3.1 |
| Winton Futures EUR Cls C | OT | OT | VGB | 10/30 | EUR | 192.39 | -6.5 | 0.0 | 7.8 |
| Winton Futures GBP Cls D | OT | OT | VGB | 10/30 | GBP | 207.72 | -6.4 | 0.6 | 8.9 |
| Winton Futures JPY Cls E | OT | OT | VGB | 10/30 | JPY | 13589.60 | -7.9 | -1.6 | 4.9 |
| Winton Futures USD Cls B | OT | OT | VGB | 10/30 | USD | 682.02 | -7.0 | -0.3 | 7.5 |
| **ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT** | | | | | | | | | |
| Concentra AE | EU | EQ | DEU | 11/26 | EUR | 49.75 | 28.0 | 38.0 | -12.3 |
| Industria AE | EU | EQ | DEU | 11/26 | EUR | 68.48 | 30.9 | 32.0 | -18.0 |
| InternRent AE | EU | BD | DEU | 11/26 | EUR | 35.15 | 3.5 | 1.3 | 9.2 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

# Yen hurts exporters

*Minsheng Bank makes weak debut; financial stocks slide*

By V. Phani Kumar And Shri Navaratnam

HONG KONG—Shares of Japanese exporters lost ground as the yen surged against the U.S. dollar, while capital-raising worries and a disappointing Hong Kong debut for China Minsheng Banking Corp. hurt Chinese banks.

Shares fell across Asia Thursday as news that Vietnam devalued its currency and Dubai announced a six-month standstill on the debts of **Dubai World**, a conglomerate investing in real estate and ports, increased investors' aversion to risk.

ASIAN-PACIFIC STOCKS

News of Dubai's troubles in dealing with its debt load weighed on issuers of sukuk, or Islamic bonds, sending the JSX Composite index 2.8% lower to 2393.52 in Jakarta.

Japan's Nikkei Stock Average of 225 companies fell 0.6% to 9383.24, China's Shanghai Composite tumbled 3.6% to 3170.98 and Hong Kong's Hang Seng Index shed 1.8% to 22210.41.

India's Sensitive Index, or Sensex, fell 2% to 16854.93, and Singapore's Straits Times Index declined 1.1% to 2762.22.

"This yen strengthening is caused by dollar selling rather than yen buying, so this is not something Japan can handle by itself," said Mizuho Securities senior technical analyst Yutaka Miura. "This trend will continue unless the Japanese government takes action, in cooperation with the U.S."

In Tokyo, auto and technology stocks fell after the U.S. dollar dropped to a 14-year low against the yen. **Toyota Motor** fell 1.2%, **Canon** Inc. declined 2.1% and **Sony** shed 1.9%.

Chinese stocks fell sharply during the session, with banks again taking some harsh treatment amid worries regulators may beef up capital requirements, forcing banks to sell shares to raise funds.

"We're in the period when we're still waiting for signs of policy change from Beijing," with Chinese leaders set to meet in the next few weeks to decide on next year's economic blueprint, said Huatai Securities analyst Chen Huiqin.

**Bank of China** fell 2.9%, **China Construction Bank** dropped 3.6% and **China Citic Bank** Corp. gave up 1.7% in Hong Kong, extending a two-session losing streak; in Shanghai, the stocks fell 3.5%, 3.4% and 3.3%, respectively.

On its trading debut, **China Minsheng Bank** lost 3.1% from its initial-public-offering price of 9.08 Hong Kong dollars (US$1.17), reflecting sector weakness, to end at HK$8.80. Minsheng's Shanghai-listed stock tumbled 5.7% on the disappointing Hong Kong debut, which came in spite of the IPO being heavily oversubscribed.

Gold and mining stocks got a fillip after the precious metal logged yet another record high, boosted by continued weakness in the U.S. dollar.

Charles Dowsett, head of precious metals at Royal Bank of Scotland, said news of Sri Lanka's central bank buying 10 tons of gold from the International Monetary Fund was a sign of reserve diversification.

In Sydney, **Newcrest Mining** rose 2.8% and **Lihir Gold** tacked on 0.6%. In Hong Kong, **Zhaojin Mining Industry** rose 1.2% and **Shandong Gold-Mining** added 2% in Shanghai, while **Sumitomo Metal Mining** added 1.7% in Tokyo.

Separately, liquid-crystal-display stocks rallied on hopes that Innolux's recent purchase of Chi Mei Optoelectronics will spur further industry consolidation. **AU Optronics** rose 2.4% and **Chunghwa Picture Tubes** gained 3.8% in Taipei.

**Jitters**
Selected index performance in Asia

| | Thursday | Year-to-date |
|---|---|---|
| Shanghai Composite | -3.6% | +92% |
| Jakarta Composite | -2.8 | +77 |
| Hang Seng | -1.8 | +54 |
| Nikkei | -0.6 | +5.9 |

# Dubai World's trouble boosts Asia sukuk yields

By Ditas Lopez

The shock from **Dubai World**'s restructuring and call for a standstill on its group debts sent yields on Islamic bonds issued by Asian borrowers sharply higher Thursday.

The sukuks of the Indonesian government and Malaysia's national oil company Petronas were particularly hard hit. But many were convinced it was a knee-jerk reaction. The yield on Petronas's 2014 sukuk traded around 0.15 percentage point wider over U.S. Treasury yields.

BOND MARKETS

"It may be temporary," said Rajeev De Mello, a fund manager at Western Asset Management in Singapore. The credit event could even have the opposite impact of eventually attracting money into Asia's sukuk "because Middle Eastern investors might want to diversify a bit more into non-Middle Eastern sukuk," he said.

The Dubai government said Wednesday that it would restructure its largest corporate entity, which has interests spanning real estate and ports. Dubai World, which has almost $60 billion worth of liabilities, will seek a six-month "standstill" on its debts with all lenders, the government said.

Some players sold the sukuks from Indonesia and Petronas because of fear that some of these bonds may be held by Middle Eastern investors, who may opt to unload some of their holdings after the Dubai government's announcement, according to a fund manager.

Dealers said a lack of liquidity due to the absence of many players ahead of the long weekend may have exaggerated the fall. Indonesia, Malaysia, Pakistan and Singapore are closed Friday for Hari Raya.

Elsewhere, Japanese government bond yields fell as the yen hit a 14-year high against the dollar, blurring the outlook for Japan's export-driven economy and boosting demand for safe assets.

The benchmark 10-year yield fell 0.015 percentage point to 1.28%.

Traders suggested yields could decline further given investors' growing concern about the outlook for the Japanese economy and the risk of deflation. Some traders expect the 10-year yield to fall to 1.25% in the near term if October's consumer price index, due Friday, suggests deflation could increase the risk of a double-dip recession.

"Players are worried not only about whether exports may languish further with the yen strengthening, but also about whether price falls could diminish corporate profits and drag on the broad economy," one trader at a securities house said.

If such pessimism about the economy prevails, speculation could also rise that the Bank of Japan may take additional easing measures to combat deflation, said Mitsubishi UFJ Securities strategist Katsutoshi Inadome.

*—Tomoyuki Tachikawa in Tokyo contributed to this article.*


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GAM

**GAM FUND MANAGEMENT LIMITED**
*George's Court, 54-62 Townsend Street, Dublin 2, Ireland*
*Tel +3531 609 3927 Fax +3531 611 7941, Internet: www.gam.com*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| GAM Arbitrage Op | OT | OT | VGB | 11/20 | USD | 1247.48 | 23.1 | 5.6 | -8.9 |
| GAM Asia Eq Hdg JPY Op | GL | EQ | VGB | 11/23 | JPY | 15042.89 | 60.5 | 73.7 | NS |
| GAM Asia Equity Hedge US | OT | OT | VGB | 11/23 | USD | 283.80 | 62.6 | 75.8 | 0.0 |
| GAM Asia Equity USD | OT | OT | VGB | 11/25 | USD | 646.43 | 61.0 | 89.8 | -11.8 |
| GAM Asia-Pacific Eq USD | OT | OT | VGB | 11/24 | USD | 1219.62 | 13.5 | 24.1 | -17.6 |
| GAM Com Glb Bal EUR Op | US | BA | VGB | 11/16 | EUR | 92.88 | 15.7 | 16.1 | -9.3 |
| GAM Com Glb Bal USD Op | US | BA | VGB | 11/16 | USD | 128.35 | 15.7 | 16.1 | -9.3 |
| GAM Comp Glb Eq EUR Op | GL | EQ | VGB | 11/16 | EUR | 94.61 | 22.6 | 22.8 | -16.2 |
| GAM Comp Glb Eq USD Op | GL | EQ | VGB | 11/16 | USD | 128.03 | 22.6 | 22.8 | -16.2 |
| GAM Comp Glb Gr EUR Op | US | BA | VGB | 11/16 | EUR | 83.34 | 16.0 | 16.6 | -13.5 |
| GAM Comp Glb Gr USD Op | US | BA | VGB | 11/16 | USD | 127.44 | 16.0 | 16.6 | -13.5 |
| GAM CompAbsRT EUR Op | OT | OT | VGB | 09/30 | EUR | 141.71 | 9.1 | 0.1 | -6.9 |
| GAM CompAbsRT SGD Op | OT | OT | VGB | 09/30 | SGD | 102.21 | 9.2 | -0.1 | -8.3 |
| GAM CompAbsRT USD Op | OT | OT | VGB | 09/30 | USD | 845.66 | 9.5 | 0.7 | -7.0 |
| GAM Cptal Apprec Eq Inc | US | EQ | VGB | 11/20 | USD | 239.69 | 31.6 | 43.9 | -13.4 |
| GAM Cross Trading Inc | OT | OT | VGB | 11/16 | USD | 467.19 | 6.8 | NS | NS |
| GAM Diversity CHF Op | OT | OT | VGB | 11/16 | CHF | 94.49 | 4.4 | 0.9 | -7.5 |
| GAM Diversity EUR Op | OT | OT | VGB | 11/16 | EUR | 649.59 | 5.3 | 2.0 | -5.8 |
| GAM Diversity USD 2.5XL | OT | OT | VGB | 10/30 | USD | 76.73 | 6.4 | -4.0 | -22.6 |
| GAM Diversity USD Op | OT | OT | VGB | 11/16 | USD | 682.16 | 5.3 | NS | NS |
| GAM Dvrsty II CHF Op | OT | OT | VGB | 11/16 | CHF | 99.79 | 4.3 | NS | NS |
| GAM Dvrsty II EUR Op | OT | OT | VGB | 11/16 | EUR | 139.10 | 4.8 | 1.5 | -5.8 |
| GAM Dvrsty II USD Op | OT | OT | VGB | 11/16 | USD | 210.75 | 4.9 | NS | -6.1 |
| GAM DvrstyIII EUR Op | OT | OT | VGB | 10/30 | EUR | 114.70 | 3.8 | -0.4 | -6.5 |
| GAM DvrstyIII USD Op | OT | OT | VGB | 10/30 | USD | 121.09 | 3.8 | -0.1 | -6.6 |
| GAM Euro Eq Hdg EUR Op | EU | EQ | VGB | 11/23 | EUR | 212.73 | 7.9 | 8.6 | -5.7 |
| GAM Euro Eq Hdg USD Op | OT | OT | VGB | 11/23 | USD | 197.95 | 8.7 | 11.5 | -4.1 |
| GAM European Equity USD | OT | OT | VGB | 11/24 | USD | 303.34 | 29.0 | 39.2 | -13.2 |
| GAM GAMCO | OT | EQ | VGB | 11/24 | USD | 800.55 | 38.0 | 56.9 | -11.4 |
| GAM Gb EmMkts Hdg EUROp | OT | OT | VGB | 10/30 | EUR | 97.64 | 13.2 | 12.7 | -17.5 |
| GAM Gb EmMkts Hdg USDOp | OT | OT | VGB | 11/23 | USD | 105.02 | 16.0 | 16.3 | -15.1 |
| GAM Gbl Divers USD Inc. | GL | EQ | VGB | 11/23 | USD | 250.10 | 22.5 | 31.1 | -8.3 |
| GAM Grtr China Eq Hdg Op | GL | EQ | VGB | 11/23 | USD | 278.90 | 95.3 | 117.5 | 17.5 |
| GAM Intrst Trend II | GL | BD | VGB | 11/23 | USD | 95.94 | 45.2 | 40.8 | -10.1 |
| GAM Intrst Trend Inc | OT | OT | VGB | 11/23 | USD | 254.05 | 59.5 | 53.3 | -4.6 |
| GAM Japan Eq Hdg EUR Op | AS | EQ | VGB | 11/23 | EUR | 109.31 | 2.4 | -0.8 | -9.0 |
| GAM Japan Eq Hdg USD Op | OT | OT | VGB | 11/23 | USD | 114.17 | 1.5 | 7.6 | NS |
| GAM Japan Eq Hdg YEN Open | AS | EQ | VGB | 10/30 | JPY | 8507.22 | 10.3 | 23.5 | -21.8 |
| GAM Japan USD | JP | EQ | VGB | 11/25 | USD | 1024.14 | -1.0 | 10.5 | -18.8 |
| GAM Japan YEN | JP | EQ | VGB | 11/25 | JPY | 7974.60 | -0.5 | 6.6 | -25.1 |
| GAM Money Mkt EuroOp | EU | MM | VGB | 11/24 | EUR | 51.19 | 0.1 | 0.3 | 1.8 |
| GAM Money Mkt USD | US | MM | VGB | 11/24 | USD | 100.01 | 0.0 | 0.0 | 1.0 |
| GAM Multi-Arb EUR Op | OT | OT | VGB | 11/16 | EUR | 113.39 | 1.2 | -4.0 | -9.1 |
| GAM Multi-Arb USD Op | OT | OT | VGB | 10/30 | USD | 118.02 | 1.1 | -5.6 | -9.4 |
| GAM Multi-China EUR Op | OT | OT | VGB | 10/30 | EUR | 159.17 | 7.2 | 7.9 | -15.9 |
| GAM Multi-China USD Op | OT | OT | VGB | 10/30 | USD | 167.40 | 7.8 | 8.4 | 4.1 |
| GAM Multi-Emer Mkts GBP | OT | OT | VGB | 10/30 | GBP | 127.90 | 22.3 | 20.4 | -4.2 |
| GAM Multi-Emer Mkts USD | OT | OT | VGB | 11/16 | USD | 645.17 | 24.5 | 20.2 | -3.5 |
| GAM Multi-Eur EUR Op | OT | OT | VGB | 10/30 | EUR | 265.40 | 5.7 | 5.1 | -12.5 |
| GAM Multi-Eur II EUR Op | OT | OT | VGB | 11/16 | EUR | 138.42 | 7.1 | 6.2 | -11.4 |
| GAM Multi-Eur II USD Op | OT | OT | VGB | 11/16 | USD | 113.25 | 6.8 | 5.5 | -12.5 |
| GAM Multi-Eur USD Op | OT | OT | VGB | 10/30 | USD | 462.12 | 5.5 | 4.6 | -13.5 |
| GAM Multi-Nth Am EUR Special | OT | OT | VGB | 11/16 | EUR | 132.94 | 11.5 | NS | NS |
| GAM Multi-Nth Am USD Special | OT | OT | VGB | 11/16 | USD | 216.60 | 11.9 | 11.3 | NS |
| GAM Multi-Pac EUR Op | GL | EQ | VGB | 10/30 | EUR | 140.15 | 2.8 | 2.4 | -6.4 |
| GAM Multi-Pac USD Op | OT | OT | VGB | 11/16 | USD | 164.33 | 4.5 | 4.2 | -5.7 |
| GAM Portable Dvr/S&P500 | OT | OT | VGB | 08/24 | USD | 70.11 | 17.7 | -27.7 | -22.9 |
| GAM Selection Hdg | US | EQ | VGB | 11/20 | USD | 2507.23 | 61.1 | 60.2 | 8.2 |
| GAM Sing/Malaysia | AS | EQ | VGB | 11/25 | USD | 2513.38 | 51.3 | 58.7 | -9.0 |
| GAM Sterling Spe Bd Inc | OT | OT | VGB | 11/23 | GBP | 240.92 | 39.5 | 35.5 | 2.4 |
| GAM Trading EUR Inc | OT | OT | VGB | 11/16 | EUR | 326.02 | 6.6 | 7.6 | 7.3 |
| GAM Trading USD Inc | OT | OT | VGB | 11/16 | USD | 975.72 | 6.8 | 7.7 | 6.8 |
| GAM Trdg II IncEUR Op | OT | OT | VGB | 11/16 | EUR | 139.48 | 6.6 | 7.6 | 7.2 |
| GAM Trdg II IncUSD Op | OT | OT | VGB | 11/16 | USD | 316.82 | 6.8 | 7.7 | 6.8 |
| GAM Trdg IV IncEUR Op | OT | OT | VGB | 11/16 | EUR | 147.18 | 6.3 | 7.5 | 6.9 |
| GAM Trdg IV IncUSD Op | OT | OT | VGB | 11/16 | USD | 154.95 | 6.6 | 7.5 | 6.7 |
| GAM Trdg V IncEUR Op | OT | OT | VGB | 10/30 | EUR | 124.10 | 5.8 | 6.6 | 7.1 |
| GAM Trdg V IncUSD Op | OT | OT | VGB | 10/30 | USD | 129.23 | 5.9 | 7.1 | 6.8 |
| GAM TrdgIII IncEUR Op | OT | OT | VGB | 11/16 | EUR | 157.37 | 6.4 | 7.6 | 7.0 |
| GAM TrdgIII IncUSD Op | OT | OT | VGB | 11/16 | USD | 162.96 | 6.6 | 7.5 | 6.7 |
| GAM USDSpecBondInc | US | BD | VGB | 11/23 | USD | 521.35 | 71.5 | 67.7 | 7.4 |
| GAM Worldwide | GL | EQ | VGB | 11/24 | USD | 2255.11 | 25.9 | 37.7 | -10.0 |
| GAMut Investments | OT | OT | VGB | 11/18 | USD | 7653.57 | 5.4 | 8.0 | 7.8 |

**GAM Star Fund Plc**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| GAMStar-AsEqCHF Ord Ac | AS | EQ | IRL | 11/25 | CHF | 10.47 | 47.8 | 55.4 | -16.1 |
| GAMStar-AsEqEUR Ord Ac | AS | EQ | IRL | 11/25 | EUR | 11.10 | 48.5 | 62.0 | -11.9 |
| GAMStar-AsEqGBP Ord Ac | AS | EQ | IRL | 11/25 | GBP | 1.50 | 41.1 | 74.0 | -1.1 |
| GAMStar-AsEqUSD Ord Ac | AS | EQ | IRL | 11/25 | USD | 13.22 | 61.2 | 88.5 | -10.7 |
| GAMStar-AsPacEqEUR Acc | AS | EQ | IRL | 11/25 | EUR | 93.73 | 10.9 | 15.5 | -15.7 |
| GAMStar-AsPacEqEUR Inc | AS | EQ | IRL | 11/25 | EUR | 90.71 | 10.9 | 15.5 | -15.7 |
| GAMStar-ContEurEqEUR Ac | EU | EQ | IRL | 11/25 | EUR | 10.66 | 21.2 | 22.6 | -11.8 |
| GAMStar-EurpEqEUR Acc | EU | EQ | IRL | 11/25 | EUR | 179.10 | 22.3 | 21.6 | -13.9 |
| GAMStar-EurpEqEUR Inc | EU | EQ | IRL | 11/25 | EUR | 163.65 | 22.2 | 21.5 | -13.9 |
| GAMStar-EurpEqUSD Acc | EU | EQ | IRL | 11/25 | USD | 16.54 | 32.5 | 41.2 | -12.8 |
| GAMStar-EurpEqUSD Inc | EU | EQ | IRL | 11/25 | USD | 14.99 | 32.4 | 41.1 | -12.8 |
| GAMStar-FrontierOppUSD Acc | GL | EQ | IRL | 11/24 | USD | 5.79 | 23.1 | 26.9 | NS |
| GAMStar-JpnEq EUR Acc | JP | EQ | IRL | 11/25 | EUR | 79.75 | -2.0 | 3.1 | -16.3 |
| GAMStar-JpnEq EUR Inc | JP | EQ | IRL | 11/25 | EUR | 79.75 | -2.0 | 3.1 | -16.3 |
| GAMStar-JpnEq JPY Acc | JP | EQ | IRL | 11/25 | JPY | 833.11 | -0.6 | 6.6 | -24.9 |
| GAMStar-JpnEq USD Acc | JP | EQ | IRL | 11/25 | USD | 10.35 | -1.7 | 10.0 | -18.9 |
| GAMStar-World EqUSD Acc | GL | EQ | IRL | 11/24 | USD | 2232.34 | 26.8 | 38.8 | -9.5 |

المجموعة المالية - هيرميس
EFG HERMES

**HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED, AMSALES@EFG-HERMES.COM**
*Tel: 9714 363 4041 *Middle East & Developing Africa Fund*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| EFG-Hermes Egypt | GL | EQ | BMU | 10/30 | USD | 43.54 | 25.9 | 29.9 | -14.4 |
| EFG-Hermes MEDA* | GL | EQ | BMU | 09/30 | USD | 24.16 | 15.3 | -17.3 | -10.4 |
| EFG-Hermes Saudi Arabia Equity | EA | EQ | SAU | 10/27 | SAR | 6.27 | 32.3 | 11.2 | NS |
| EFG-Hermes Telecom | OT | EQ | BMU | 09/30 | USD | 29.73 | 16.0 | -0.1 | -8.2 |

**LLOYD GEORGE MANAGEMENT (HK) LTD**
*Suite 3808, One Exchange Square, HK: Tel. 852 2845 4433 Fax. 852 2845 3911*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| LG Antenna | GL | EQ | BMU | 11/20 | USD | 59.02 | 72.9 | 83.7 | -10.9 |
| LG Asian Plus | AS | EQ | CYM | 11/06 | USD | 54.16 | 43.3 | 41.3 | -24.1 |
| LG AsianSmallerCo's | AS | EQ | BMU | 11/25 | USD | 93.19 | 69.0 | 92.2 | -22.7 |
| LG India | EA | EQ | MUS | 11/19 | USD | 62.73 | 96.6 | 102.3 | -15.9 |

Manulife WEALTH MANAGEMENT 宏利財富管理

**MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110**
*Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| American Growth | US | EQ | LUX | 11/26 | USD | 14.84 | 23.7 | 28.4 | -13.2 |
| American Growth AA | US | EQ | LUX | 11/26 | USD | 0.85 | 23.3 | 29.0 | -7.6 |
| Asian Equity | AS | EQ | LUX | 11/26 | USD | 2.40 | 60.2 | 77.7 | -9.8 |
| Asian Equity AA | AS | EQ | LUX | 11/26 | USD | 0.77 | 59.7 | 77.1 | -10.1 |
| Asian Sm Cap Equity AA | AS | EQ | LUX | 11/26 | USD | 1.11 | 84.8 | 113.5 | -6.5 |
| China Value A | AS | EQ | LUX | 11/26 | USD | 7.00 | 62.0 | 81.6 | -7.4 |
| China Value AA | AS | EQ | LUX | 11/26 | USD | 2.20 | 61.7 | 81.1 | -7.6 |
| Dragon Growth | AS | EQ | LUX | 11/26 | USD | 1.63 | 66.3 | 81.6 | -9.2 |
| Dragon Growth AA | OT | OT | LUX | 11/26 | HKD | 7.93 | 66.2 | 81.0 | -10.1 |
| Emg Eastrn Europe A | EU | EQ | LUX | 11/26 | USD | 4.46 | 89.2 | 90.0 | -18.2 |
| Emg Eastrn Europe AA | EU | EQ | LUX | 11/26 | USD | 1.92 | 88.9 | 89.8 | -18.3 |
| European Growth | EU | EQ | LUX | 11/26 | USD | 9.18 | 42.8 | 56.7 | -18.3 |
| European Growth AA | EU | EQ | LUX | 11/26 | USD | 0.66 | 42.4 | 56.3 | -18.6 |
| Global Contrarain AA | GL | EQ | LUX | 11/26 | USD | 0.87 | 79.6 | 108.4 | NS |
| Global Property AA | OT | EQ | LUX | 11/26 | USD | 0.65 | 40.6 | 56.7 | -17.0 |
| Global Resources AA | OT | EQ | LUX | 11/26 | USD | 1.12 | 58.5 | 83.3 | -10.1 |
| Healthcare AA | OT | EQ | LUX | 11/26 | USD | 0.92 | 11.9 | 21.3 | NS |
| India Equity AA | EA | EQ | LUX | 11/26 | USD | 1.05 | 73.1 | 87.0 | -18.0 |
| International Growth | GL | EQ | LUX | 11/26 | USD | 3.03 | 21.5 | 29.4 | -16.0 |
| International Growth AA | GL | EQ | LUX | 11/26 | USD | 0.70 | 21.2 | 29.1 | -16.2 |
| Japanese Growth | JP | EQ | LUX | 11/26 | USD | 2.65 | 2.5 | 17.4 | -16.7 |
| Japanese Growth AA | JP | EQ | LUX | 11/26 | USD | 0.69 | 2.3 | 17.2 | -16.7 |
| Latin America Equity AA | GL | EQ | LUX | 11/26 | USD | 1.27 | 103.1 | 117.6 | -3.1 |
| MGF Asia Value Dividend Equity Fund | OT | OT | Lux | 11/26 | USD | 1.10 | NS | NS | NS |
| Russia Equity AA | EE | EQ | LUX | 11/26 | USD | 0.63 | 130.8 | 127.9 | -20.9 |
| Taiwan Equity AA | AS | EQ | LUX | 11/26 | USD | 1.02 | 75.5 | 94.9 | -1.9 |
| Turkey Equity AA | EE | EQ | LUX | 11/26 | USD | 0.66 | 79.1 | 103.5 | -17.9 |
| U.S. Bond AA | US | BD | LUX | 11/26 | USD | 1.11 | 18.2 | 22.2 | 7.7 |
| U.S. High Yield Bond AA | US | BD | LUX | 11/26 | USD | 0.74 | 65.1 | 73.1 | -5.3 |
| U.S. Sm Cap Equity AA | US | EQ | LUX | 11/26 | USD | 0.78 | 63.0 | 71.8 | -14.8 |
| U.S. Tsy Inf-ProtSec AA | OT | BD | LUX | 11/26 | USD | 1.16 | 9.9 | 17.9 | 4.0 |

**PT CIPTADANA ASSET MANAGEMENT**
*Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Indonesian Grth Fund | EA | EQ | CYM | 11/18 | USD | 124.03 | 115.0 | 136.5 | -4.2 |

Sensible Asset Management
A Value Partners Group company

**SENSIBLE ASSET MANAGEMENT LIMITED**
*www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Asia Value Formula Fd-B | AS | EQ | CYM | 11/25 | USD | 7.89 | 83.9 | 115.6 | -5.6 |

SOCIETE GENERALE
Asset Management

**SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM**
*SGAM Fund*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bonds Eur Hi Yld A | EU | BD | LUX | 11/24 | EUR | 20.25 | 52.3 | 51.6 | -2.1 |
| Bonds EURO A | EU | BD | LUX | 11/25 | EUR | 41.23 | 4.4 | 6.4 | 5.1 |
| Bonds EUROPE A | EU | BD | LUX | 11/25 | EUR | 39.25 | 3.6 | 4.9 | 4.0 |
| Bonds US OppsCoreplus A | US | BD | LUX | 11/24 | USD | 37.12 | 17.7 | 23.7 | 9.0 |
| Bonds World A | GL | BD | LUX | 11/24 | USD | 43.92 | 10.3 | 18.4 | 7.6 |
| Eq. China A | AS | EQ | LUX | 11/25 | USD | 24.44 | 63.6 | 93.0 | -12.1 |
| Eq. ConcentratedEuropeA | EU | EQ | LUX | 11/25 | EUR | 26.38 | 28.1 | 32.2 | -17.4 |
| Eq. Eastern Europe A | EU | EQ | LUX | 11/25 | EUR | 21.82 | 65.1 | 50.8 | -27.1 |
| Eq. Euroland A | EU | EQ | LUX | 11/25 | EUR | 10.56 | 15.2 | 17.9 | -20.1 |
| Eq. EurolandCyclclsA | EU | EQ | LUX | 11/24 | EUR | 17.15 | 24.9 | 31.4 | -15.9 |
| Eq. EurolandFinancialA | OT | EQ | LUX | 11/25 | EUR | 11.59 | 37.6 | 41.5 | -18.5 |
| Eq. Glbl Emg Cty A | GL | EQ | LUX | 11/25 | USD | 9.64 | 61.3 | 87.2 | -13.2 |
| Eq. Global A | GL | EQ | LUX | 11/25 | USD | 27.88 | 32.5 | 40.8 | -13.4 |
| Eq. Global Energy A | OT | EQ | LUX | 11/25 | USD | 18.30 | 28.4 | 29.5 | -11.9 |
| Eq. Global Technol A | OT | OT | LUX | 04/24 | USD | 4.46 | 22.1 | -29.7 | -21.6 |
| Eq. Gold Mines A | OT | EQ | LUX | 11/25 | USD | 33.41 | 59.8 | 111.1 | 5.7 |
| Eq. Pacific A | AS | EQ | LUX | 11/25 | USD | 10.28 | 61.0 | 82.0 | -11.7 |
| Eq. US Lg Cap Gr A | US | EQ | LUX | 11/25 | USD | 15.04 | 38.5 | 44.6 | -12.8 |
| Eq. US Rel Val A | US | EQ | LUX | 11/24 | USD | 20.21 | 30.1 | 42.4 | -14.2 |
| Eq. US Sm Cap Val A | US | EQ | LUX | 11/25 | USD | 15.13 | 16.5 | 31.5 | -21.7 |
| Money Market EURO A | EU | MM | LUX | 11/24 | EUR | 27.39 | 1.0 | 1.3 | 2.8 |
| Money Market USD A | US | MM | LUX | 11/24 | USD | 15.83 | 0.5 | 0.8 | 1.9 |

المستثمر الوطني
The National Investor

**THE NATIONAL INVESTOR**
*TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| TNI Mena Real Estate Fund | OT | OT | BMU | 11/19 | USD | 1032.24 | 9.8 | 4.5 | -22.3 |
| TNI MENA Special Sits Fund | OT | OT | BMU | 10/29 | USD | 1139.93 | 17.4 | NS | NS |
| TNI UAE Blue Chip Fund | OT | OT | ARE | 11/19 | AED | 6.23 | 35.9 | 15.8 | -24.6 |

Value Partners
Investing through discipline

**WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487**
**formerly known as China ABH Shares Fund*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Intel-Chin MainInd Foc | AS | EQ | CYM | 11/16 | USD | 29.76 | 85.5 | NS | -0.4 |
| Intel-China Converg* | AS | EQ | CYM | 11/16 | USD | 114.18 | 87.4 | NS | -1.9 |
| VP Classic - A | AS | EQ | CYM | 11/25 | USD | 183.45 | 80.0 | 105.2 | -2.4 |
| VP CLassic - B | AS | EQ | CYM | 11/25 | USD | 85.54 | 79.1 | 104.2 | -3.0 |
| VP High Dividend Stk | AS | EQ | CYM | 11/23 | USD | 44.58 | 79.4 | 91.8 | -2.2 |

yuki
Yuki Management & Research
Tel +81-3-5296-3277 www.yukijapan.co.jp

**YUKI INTERNATIONAL LIMITED**
*Tel +44-207-269 0203 www.yukifunds.com*

**YMR-N Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| YMR-N Growth Fund | OT | OT | IRL | 11/25 | JPY | 8537.00 | -0.8 | 1.8 | -28.8 |
| YMR-N Small Cap Fund | OT | OT | IRL | 11/25 | JPY | 6553.00 | 2.1 | 6.6 | -27.9 |

**Yuki 77 Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki 77 General | JP | EQ | IRL | 11/26 | JPY | 5575.00 | -5.6 | -0.6 | -30.5 |
| Yuki 77 Growth | JP | EQ | IRL | 11/26 | JPY | 5257.00 | -11.1 | -7.2 | -35.2 |

**Yuki Chugoku Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Chugoku Jpn Gen | JP | EQ | IRL | 11/26 | JPY | 6178.00 | -1.0 | 2.5 | -27.4 |
| Yuki Chugoku JpnLowP | JP | EQ | IRL | 11/26 | JPY | 7018.00 | -14.3 | -8.6 | -27.1 |

**Yuki Hokuyo Japan Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Hokuyo Jpn Gen | JP | EQ | IRL | 11/26 | JPY | 4161.00 | -8.5 | -5.2 | -31.1 |
| Yuki Hokuyo Jpn Inc | JP | EQ | IRL | 11/26 | JPY | 4834.00 | -8.4 | -6.3 | -24.4 |
| Yuki Hokuyo Jpn Sm Cap | JP | EQ | IRL | 11/26 | JPY | 4787.00 | 1.7 | 7.2 | -26.8 |

**Yuki Mizuho Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Mizuho Gen Jpn III | OT | OT | IRL | 11/26 | JPY | 3936.00 | -7.4 | -4.8 | -34.4 |
| Yuki Mizuho Jpn Dyn Gro | OT | OT | IRL | 11/26 | JPY | 4215.00 | -6.2 | -4.6 | -34.4 |
| Yuki Mizuho Jpn Exc 100 | OT | OT | IRL | 11/26 | JPY | 6207.00 | 1.7 | 5.5 | -29.1 |
| Yuki Mizuho Jpn Gen | OT | OT | IRL | 11/26 | JPY | 7699.00 | -4.0 | 0.1 | -29.5 |
| Yuki Mizuho Jpn Gro | OT | OT | IRL | 11/26 | JPY | 5827.00 | -6.8 | -2.0 | -31.7 |
| Yuki Mizuho Jpn Inc | OT | OT | IRL | 11/26 | JPY | 6978.00 | -12.3 | -8.7 | -27.1 |
| Yuki Mizuho Jpn Lg Cap | OT | OT | IRL | 11/26 | JPY | 4669.00 | -6.3 | -3.0 | -29.5 |
| Yuki Mizuho Jpn LowP | OT | OT | IRL | 11/26 | JPY | 10566.00 | -6.8 | 0.0 | -24.1 |
| Yuki Mizuho Jpn PGth | OT | OT | IRL | 11/26 | JPY | 7266.00 | -4.9 | -1.0 | -33.5 |
| Yuki Mizuho Jpn SmCp | OT | OT | IRL | 11/26 | JPY | 6651.00 | 8.4 | 12.7 | -28.6 |
| Yuki Mizuho Jpn Val Sel | OT | OT | IRL | 11/26 | JPY | 5172.00 | -0.4 | 6.3 | -25.8 |
| Yuki Mizuho Jpn YoungCo | OT | OT | IRL | 11/26 | JPY | 2605.00 | 9.1 | 12.3 | -33.7 |

**Yuki Shizuoka Japan Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Shizuoka General Japan | JP | EQ | IRL | 11/26 | JPY | 4847.00 | -4.9 | -1.0 | -30.0 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

# Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

## Giants around the world

In U.S.-dollar terms.

### Dow Jones Country Titans

| | INDEX PERFORMANCE | | |
|---|---|---|---|
| | Previous session | Year-to-date | 52-week |
| Brazil | unch. | **106.5%** | 110.0% |
| Russia | -3.60% | **87.5** | 84.1 |
| China 88 | -4.05 | **79.0** | 71.0 |
| Turkey | -0.33 | **64.9** | 74.3 |
| Singapore | -1.21 | **58.7** | 63.5 |
| Hong Kong | -1.78 | **50.8** | 62.7 |
| Sweden | -2.63 | **47.8** | 51.4 |
| South Korea | -1.09 | **45.4** | 52.4 |
| Netherlands | -2.32 | **32.7** | 33.5 |
| Canada | -1.29 | **27.0** | 30.4 |
| Australia | -0.47 | **26.2** | 30.1 |
| Switzerland | -2.37 | **20.4** | 18.3 |
| South Africa | -1.24 | **19.3** | 23.6 |
| U.K. | -2.49 | **17.7** | 24.1 |
| Italy | -2.77 | **16.3** | 12.2 |
| France | -2.78 | **15.7** | 14.4 |
| Spain | -1.99 | **14.9** | 19.1 |
| Germany | -2.40 | **12.4** | 15.8 |
| Japan | -0.63 | **-2.4%** | 0.7 |

### Dow Jones Regional Sector Titans

| | | | |
|---|---|---|---|
| Basic Res | -1.95% | **78.4%** | 85.4% |
| Tiger 50* | -1.46 | **56.3** | 69.5 |
| Technology | -0.29 | **49.6** | 52.6 |
| Nordic 30 -p | 0.16 | **37.9** | 36.5 |
| EU Enlarged†-p | -1.12 | **35.1** | 29.9 |
| Asian 50 | -0.67 | **28.7** | 40.1 |
| Global 50 | -0.48 | **21.7** | 23.2 |
| Stoxx 50 -p | 0.63 | **21.0** | 20.9 |
| Euro Stoxx 50 -p | 0.67 | **18.4** | 22.0 |
| Arab 50 | 0.05 | **6.3** | 4.8 |

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

## Dow Jones Asia Titans: Thursday's best and worst...

| Company | Country | Industry | Market value, in billions of US$ | Previous close, in local currency | STOCK PERFORMANCE Previous session | 52-week | Three-year |
|---|---|---|---|---|---|---|---|
| **Japan Tobacco** | Japan | Tobacco | $28.9 | 260,800 | **2.64%** | -25.5% | -49.2% |
| **JFE Hldgs** | Japan | Iron Steel | 17.9 | 2,935 | **2.44** | 35.9 | -45.0 |
| **Nippon Steel** | Japan | Iron Steel | 23.5 | 323.00 | **1.57** | 14.5 | -37.9 |
| **BHP Billiton** | Australia | General Mining | 127.9 | 41.80 | **1.48** | 45.1 | 59.4 |
| **POSCO** | South Korea | Iron Steel | 37.7 | 575,000 | **1.23** | 67.2 | 96.9 |
| **Shinhan Financial Grp** | South Korea | Banks | $19.3 | 47,100 | **-4.07%** | 64.4 | 7.7 |
| **China Constr Bk** | Hong Kong | Banks | 199.8 | 6.89 | **-3.64** | 64.1 | 69.7 |
| **QBE Ins Grp** | Australia | Reinsurance | 20.5 | 22.43 | **-3.28** | -0.3 | -13.4 |
| **Indl Comm Bk China** | Hong Kong | Banks | 70.8 | 6.61 | **-2.79** | 73.0 | 67.8 |
| **Shin-Etsu Chml** | Japan | Specialty Chemicals | 22.4 | 4,560 | **-2.15** | 21.3 | -40.4 |

## ...And the rest of Asia's blue chips

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Hon Hai Precision Ind** Taiwan (Electrical Components Equipment) | 36.6 | 138.50 | **1.09%** | 155.3% | -6.7% |
| **Mitsubishi** Japan (Industrial Suppliers) | 37.0 | 1,953 | **0.98** | 75.2 | -9.6 |
| **Mitsui** Japan (Industrial Suppliers) | 24.4 | 1,168 | **0.69** | 49.6 | -26.1 |
| **Sumitomo Mitsui Finl** Japan (Banks) | 31.7 | 2,720 | **0.55** | -19.5 | -77.7 |
| **Woodside Petroleum** Australia (Exploration Production) | 32.0 | 49.49 | **0.16** | 45.6 | 31.8 |
| **Woolworths** Australia (Food Retailers Wholesalers) | 31.6 | 28.19 | **0.04** | 11.0 | 28.1 |
| **Mizuho Financial Grp** Japan (Banks) | 25.0 | 154.00 | **...** | -37.5 | -81.9 |
| **Mitsubishi UFJ Finl Grp** Japan (Banks) | 60.6 | 454.00 | **-0.22** | -12.4 | -69.3 |
| **Commonwealth Bk of Australia** Australia (Banks) | 72.6 | 52.38 | **-0.38** | 59.9 | 10.4 |
| **NTT DoCoMo** Japan (Mobile Telecommunications) | 64.0 | 130,100 | **-0.38** | -19.2 | -26.5 |
| **Tokyo Elec Power** Japan (Conventional Electricity) | 35.3 | 2,265 | **-0.44** | -24.0 | -37.3 |
| **Nissan Motor** Japan (Automobiles) | 33.1 | 634.00 | **-0.47** | 93.3 | -55.1 |
| **Nippon T&T** Japan (Fixed Line Telecommunications) | 55.6 | 3,640 | **-0.55** | -14.8 | -37.9 |
| **Takeda Pharm** Japan (Pharmaceuticals) | 32.1 | 3,520 | **-0.56** | -24.6 | -53.4 |
| **Nintendo** Japan (Toys) | 32.4 | 21,920 | **-0.59** | -26.2 | -20.6 |
| **KDDI** Japan (Mobile Telecommunications) | 23.7 | 464,000 | **-0.64** | -23.8 | -40.1 |
| **Cheung Kong (Hldgs)** Hong Kong (Real Estate Holding Development) | 29.2 | 97.75 | **-0.76** | 39.3 | 6.4 |
| **Samsung Elec** South Korea (Semiconductors) | 94.6 | 743,000 | **-0.80** | 53.2 | 16.5 |
| **Seven I Hldgs** Japan (Broadline Retailers) | 20.0 | 1,912 | **-0.83** | -32.3 | -48.2 |
| **Aus NZ Bk** Australia (Banks) | 50.2 | 21.98 | **-0.99** | 57.0 | -22.7 |

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Sun Hung Kai Prop** Hong Kong (Real Estate Holding Development) | 37.8 | 114.30 | **-1.04%** | 98.8% | 29.7% |
| **National Australia Bk** Australia (Banks) | 52.9 | 28.13 | **-1.06** | 48.1 | -28.2 |
| **Honda Motor** Japan (Automobiles) | 58.4 | 2,765 | **-1.07** | 36.9 | -32.6 |
| **CNOOC** Hong Kong (Exploration Production) | 71.7 | 12.44 | **-1.11** | 110.5 | 81.3 |
| **Hutchison Whampoa** Hong Kong (Diversified Industrials) | 29.2 | 53.05 | **-1.12** | 44.2 | -27.4 |
| **Taiwan Smcndtr Mfg** Taiwan (Semiconductors) | 49.7 | 62.00 | **-1.12** | 52.4 | -3.9 |
| **Toyota Motor** Japan (Automobiles) | 122.9 | 3,380 | **-1.17** | 14.6 | -51.9 |
| **China Mobile (HK)** Hong Kong (Mobile Telecommunications) | 190.7 | 74.35 | **-1.20** | 7.0 | 13.7 |
| **Kansai Elec Power** Japan (Conventional Electricity) | 22.7 | 2,055 | **-1.20** | -22.0 | -28.9 |
| **Tokio Marine** Japan (Property Casualty Insurance) | 21.6 | 2,380 | **-1.24** | -1.7 | -42.8 |
| **Westpac Bking** Australia (Banks) | 63.8 | 24.05 | **-1.31** | 43.6 | -1.4 |
| **RioZim Ltd** Australia (General Mining) | 39.1 | 70.65 | **-1.46** | 108.9 | 20.6 |
| **KB Fncl Group** South Korea (Banks) | 20.2 | 60,700 | **-1.62** | 108.1 | -13.8 |
| **Westfield Grp** Australia (Retail REITs) | 25.1 | 12.08 | **-1.63** | -16.4 | -37.6 |
| **Panasonic** Japan (Consumer Electronics) | 26.5 | 1,108 | **-1.69** | -13.7 | -50.9 |
| **China Life Ins** Hong Kong (Life Insurance) | 38.4 | 39.95 | **-1.84** | 94.9 | 110.7 |
| **Sony** Japan (Consumer Electronics) | 27.3 | 2,370 | **-1.86** | 26.3 | -48.3 |
| **PetroChina** Hong Kong (Integrated Oil Gas) | 26.9 | 9.87 | **-1.89** | 57.9 | -0.3 |
| **East Japan Railway** Japan (Travel Tourism) | 26.8 | 5,800 | **-2.03** | -20.9 | -28.6 |
| **Canon** Japan (Electronic Office Equipment) | 46.9 | 3,290 | **-2.08** | 13.6 | -46.2 |

Sources: Dow Jones Indexes; WSJ Market Data Group

# Tracking credit markets & dealmakers

**— NOTICE TO READERS —**
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## Hedge funds

| Dow Jones Hedge Benchmark | TOTAL RETURN for rolling periods, net of fees* One week | One month | One quarter | Year to date | One year |
|---|---|---|---|---|---|
| **Merger Arbitrage** | 0.24% | 0.53% | 1.8% | 7.4% | 8.2% |
| **Event Driven** | 0.47 | 0.67 | 4.6 | 14.3 | 8.1 |
| **Equity Long/Short** | -0.45 | -1.23 | -0.3 | 2.8 | -4.3 |

*Estimates as of 11/24/09, after fees; Source: www.djhedgefundindexes.com

## Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

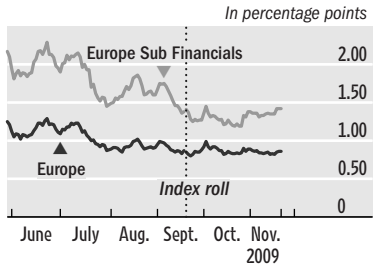
### Markit iTraxx Indexes

| Index: series/version | Mid-spread, in pct. pts. | Mid-price | Coupon | SPREAD RANGE, in pct. pts. since most recent roll Maximum | Minimum | Average |
|---|---|---|---|---|---|---|
| **Europe:** 12/1 | 0.84 | 100.74% | 0.01% | 1.00 | 0.78 | 0.86 |
| **Eur. High Volatility:** 12/1 | 1.33 | 98.46 | 0.01 | 1.76 | 1.33 | 1.45 |
| **Europe Crossover:** 12/1 | 5.14 | 99.45 | 0.05 | 6.15 | 4.87 | 5.34 |
| **Asia ex-Japan IG:** 12/1 | 1.10 | 99.55 | 0.01 | 1.26 | 0.96 | 1.10 |
| **Japan:** 12/1 | 1.46 | 97.79 | 0.01 | 1.53 | 0.99 | 1.30 |

Note: Data as of November 25

### Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.




Source: Markit Group

## Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

### Showing the biggest improvement...

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Sanyo Shinpan Fin** | 995 | **-5** | 190 | -136 |
| **Marubeni** | 188 | **-5** | 3 | 15 |
| **Acom** | 428 | **-3** | 54 | -107 |
| **Ptt Pub** | 93 | **-2** | 3 | -13 |
| **Woori Bk** | 122 | **-2** | 1 | -3 |
| **Sumitomo Metal Inds** | 71 | **-2** | ... | 11 |
| **Telekom Malaysia** | 92 | **-2** | 2 | -1 |
| **Furukawa Elec** | 108 | **-2** | -2 | -2 |
| **Nippon Telegraph Tel** | 20 | **-1** | ... | ... |
| **Mizuho Corporate Bk** | 100 | **-1** | 5 | 25 |

### And the most deterioration

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Taisei** | 360 | **6** | 13 | 88 |
| **Kansai Elec Pwr** | 30 | **6** | 7 | 10 |
| **Tokyo Elec Pwr** | 30 | **6** | 7 | 10 |
| **Orix** | 371 | **6** | 30 | -64 |
| **Mitsubishi Matls** | 113 | **7** | 7 | 12 |
| **Mitsui OSK Lines** | 117 | **7** | 10 | 27 |
| **Victor Co of Japan** | 1843 | **8** | 37 | 10 |
| **Taiheiyo Cem** | 508 | **8** | 8 | 122 |
| **Mitsui Chems** | 121 | **9** | 13 | 25 |
| **IHI** | 315 | **36** | 42 | 95 |

Source: Markit Group

## Behind Asia's deals: Bank revenue rankings, Global (ex US)

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

| | Revenue, in millions | Market share | PERCENTAGE OF TOTAL REVENUE Equity capital markets | Debt capital markets | Mergers & acquisitions | Loans |
|---|---|---|---|---|---|---|
| **JPMorgan** | $2,240 | 7.0% | 51% | 23% | 25% | 1% |
| **Credit Suisse** | 1,835 | 5.8 | 47 | 31 | 21 | 1 |
| **UBS** | 1,671 | 5.3 | 50 | 18 | 31 | 1 |
| **Deutsche Bank** | 1,552 | 4.9 | 37 | 37 | 25 | 2 |
| **Goldman Sachs** | 1,515 | 4.8 | 45 | 17 | 38 | ... |
| **Morgan Stanley** | 1,315 | 4.1 | 50 | 19 | 30 | ... |
| **Citi** | 1,291 | 4.1 | 35 | 34 | 28 | 3 |
| **Bank of America Merrill Lynch** | 1,186 | 3.7 | 42 | 26 | 30 | 2 |
| **Nomura** | 1,120 | 3.5 | 64 | 20 | 16 | ... |

Source: Dealogic

# GLOBAL MARKETS LINEUP

## Commodities

Prices of futures contracts with the most open interest

**EXCHANGE LEGEND: CBOT:** Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange. * Data as of 11/25/09

| | Commodity | Exchange | Last price | ONE-DAY CHANGE Net | ONE-DAY CHANGE Percentage | Contract high | Contract low |
|---|---|---|---|---|---|---|---|
| | **Corn** (cents/bu.)* | CBOT | **408.00** | 16.00 | **4.08%** | 712.25 | 315.50 |
| | **Soybeans** (cents/bu.)* | CBOT | **1054.50** | 8.50 | **0.81** | 1,315.00 | 794.00 |
| | **Wheat** (cents/bu.)* | CBOT | **571.50** | 18.00 | **3.25** | 1,029.25 | 459.00 |
| | **Live cattle** (cents/lb.)* | CME | **85.750** | 0.250 | **0.29** | 108.600 | 84.150 |
| | **Cocoa** ($/ton)* | ICE-US | **3,320** | 72 | **2.22** | 3,439 | 1,994 |
| | **Coffee** (cents/lb.)* | ICE-US | **138.90** | 2.75 | **2.02** | 188.65 | 115.00 |
| | **Sugar** (cents/lb.)* | ICE-US | **22.32** | 0.24 | **1.09** | 26.25 | 11.91 |
| | **Cotton** (cents/lb.)* | ICE-US | **75.22** | -0.30 | **-0.40%** | 84.00 | 49.67 |
| | **Crude palm oil** (ringgit/ton) | MDEX | **2,482.00** | unch. | **unch.** | 2,521 | 2,013 |
| | **Cocoa** (pounds/ton) | LIFFE | **2,202** | 6 | **0.27** | 2,250 | 1,475 |
| | **Robusta coffee** ($/ton) | LIFFE | **1,340** | unch. | **unch.** | 1,955 | 1,295 |
| | **Copper** (cents/lb.)* | COMEX | **319.70** | 5.35 | **1.70** | 365.00 | 135.50 |
| | **Gold** ($/troy oz.)* | COMEX | **1188.60** | 21.20 | **1.82** | 1,196.80 | 762.30 |
| | **Silver** (cents/troy oz.)* | COMEX | **1880.00** | 30.60 | **1.65** | 2,011.50 | 1,045.00 |
| | **Aluminum** ($/ton) | LME | **2,034.00** | -5.00 | **-0.25** | 2,069.00 | 1,288.00 |
| | **Tin** ($/ton) | LME | **14,990.00** | unch. | **unch.** | 15,700.00 | 9,750.00 |
| | **Copper** ($/ton) | LME | **6,930.00** | -6.00 | **-0.09** | 6,968.00 | 2,815.00 |
| | **Lead** ($/ton) | LME | **2,370.00** | -9.50 | **-0.40** | 2,459.50 | 870.00 |
| | **Zinc** ($/ton) | LME | **2,270.00** | -5.00 | **-0.22** | 2,344.00 | 1,065.00 |
| | **Nickel** ($/ton) | LME | **16,800** | -50 | **-0.30** | 21,150 | 9,175 |
| | **Crude oil** ($/bbl.)* | NYMEX | **77.96** | 1.94 | **2.55** | 139.00 | 47.31 |
| | **Heating oil** ($/gal.)* | NYMEX | **2.0357** | 0.0462 | **2.32** | 4.1847 | 1.3640 |
| | **RBOB gasoline** ($/gal.)* | NYMEX | **2.0213** | 0.0615 | **3.14** | 2.7100 | 1.1525 |
| | **Natural gas** ($/mmBtu)* | NYMEX | **5.163** | 0.397 | **8.33** | 12.920 | 4.560 |
| | **Brent crude** ($/bbl.) | ICE-EU | **77.06** | -1.38 | **-1.76** | 108.19 | 48.19 |
| | **Gas oil** ($/ton) | ICE-EU | **620.00** | -1.00 | **-0.16** | 790.00 | 443.50 |

Source: Thomson Reuters; WSJ Market Data Group

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## Currencies

London close on Nov. 26

| AMERICAS | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Argentina** peso-a | 5.7007 | 0.1754 | 3.8035 | 0.2629 |
| **Brazil** real | 2.6196 | 0.3817 | 1.7478 | 0.5721 |
| **Canada** dollar | 1.5881 | 0.6297 | 1.0596 | 0.9438 |
| 1-mo. forward | 1.5882 | 0.6297 | 1.0596 | 0.9437 |
| 3-mos. forward | 1.5882 | 0.6296 | 1.0596 | 0.9437 |
| 6-mos. forward | 1.5883 | 0.6296 | 1.0597 | 0.9437 |
| **Chile** peso | 740.48 | 0.001350 | 494.05 | 0.002024 |
| **Colombia** peso | 2969.20 | 0.0003368 | 1981.05 | 0.0005048 |
| **Ecuador** US dollar-f | 1.4988 | 0.6672 | 1 | 1 |
| **Mexico** peso-a | 19.3979 | 0.0516 | 12.9423 | 0.0773 |
| **Peru** sol | 4.3428 | 0.2303 | 2.8975 | 0.3451 |
| **Uruguay** peso-e | 30.126 | 0.0332 | 20.100 | 0.0498 |
| **U.S.** dollar | 1.4988 | 0.6672 | 1 | 1 |
| **Venezuela** bolivar | 3.22 | 0.310716 | 2.15 | 0.465701 |
| **ASIA-PACIFIC** | | | | |
| **Australia** dollar | 1.6451 | 0.6079 | 1.0976 | 0.9111 |
| **China** yuan | 10.2316 | 0.0977 | 6.8266 | 0.1465 |
| **Hong Kong** dollar | 11.6160 | 0.0861 | 7.7502 | 0.1290 |
| **India** rupee | 69.9115 | 0.0143 | 46.6450 | 0.0214 |
| **Indonesia** rupiah | 14111 | 0.0000709 | 9415 | 0.0001062 |
| **Japan** yen | 129.75 | 0.007707 | 86.57 | 0.011551 |
| 1-mo. forward | 129.73 | 0.007708 | 86.56 | 0.011553 |
| 3-mos. forward | 129.70 | 0.007710 | 86.54 | 0.011556 |
| 6-mos. forward | 129.63 | 0.007714 | 86.49 | 0.011562 |
| **Malaysia** ringgit-c | 5.0869 | 0.1966 | 3.3940 | 0.2946 |
| **New Zealand** dollar | 2.0990 | 0.4764 | 1.4005 | 0.7141 |
| **Pakistan** rupee | 125.225 | 0.0080 | 83.550 | 0.0120 |
| **Philippines** peso | 70.474 | 0.0142 | 47.020 | 0.0213 |
| **Singapore** dollar | 2.0752 | 0.4819 | 1.3846 | 0.7223 |
| **South Korea** won | 1737.63 | 0.0005755 | 1159.35 | 0.0008626 |
| **Taiwan** dollar | 48.359 | 0.02068 | 32.265 | 0.03099 |
| **Thailand** baht | 49.693 | 0.02012 | 33.155 | 0.03016 |

| EUROPE | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Euro zone** euro | 1 | 1 | 0.6672 | 1.4988 |
| 1-mo. forward | 1.0001 | 0.9999 | 0.6673 | 1.4986 |
| 3-mos. forward | 1.0004 | 0.9996 | 0.6675 | 1.4981 |
| 6-mos. forward | 1.0012 | 0.9988 | 0.6680 | 1.4970 |
| **Czech Rep.** koruna-b | 26.404 | 0.0379 | 17.617 | 0.0568 |
| **Denmark** krone | 7.4442 | 0.1343 | 4.9668 | 0.2013 |
| **Hungary** forint | 272.20 | 0.003674 | 181.61 | 0.005506 |
| **Norway** krone | 8.4991 | 0.1177 | 5.6706 | 0.1763 |
| **Poland** zloty | 4.1646 | 0.2401 | 2.7787 | 0.3599 |
| **Russia** ruble-d | 43.878 | 0.02279 | 29.275 | 0.03416 |
| **Sweden** krona | 10.5139 | 0.0951 | 7.0149 | 0.1426 |
| **Switzerland** franc | 1.5082 | 0.6630 | 1.0063 | 0.9937 |
| 1-mo. forward | 1.5080 | 0.6631 | 1.0061 | 0.9939 |
| 3-mos. forward | 1.5075 | 0.6634 | 1.0058 | 0.9942 |
| 6-mos. forward | 1.5065 | 0.6638 | 1.0052 | 0.9949 |
| **Turkey** lira | 2.2833 | 0.4380 | 1.5234 | 0.6564 |
| **U.K.** pound | 0.9089 | 1.1002 | 0.6064 | 1.6490 |
| 1-mo. forward | 0.9091 | 1.0999 | 0.6066 | 1.6486 |
| 3-mos. forward | 0.9095 | 1.0995 | 0.6068 | 1.6479 |
| 6-mos. forward | 0.9100 | 1.0988 | 0.6072 | 1.6470 |
| **MIDDLE EAST/AFRICA** | | | | |
| **Bahrain** dinar | 0.5650 | 1.7698 | 0.3770 | 2.6526 |
| **Egypt** pound-a | 8.1700 | 0.1224 | 5.4510 | 0.1835 |
| **Israel** shekel | 5.7017 | 0.1754 | 3.8042 | 0.2629 |
| **Jordan** dinar | 1.0626 | 0.9410 | 0.7090 | 1.4104 |
| **Kuwait** dinar | 0.4270 | 2.3419 | 0.2849 | 3.5100 |
| **Lebanon** pound | 2259.44 | 0.0004426 | 1507.50 | 0.0006634 |
| **Saudi Arabia** riyal | 5.6206 | 0.1779 | 3.7501 | 0.2667 |
| **South Africa** rand | 11.2935 | 0.0885 | 7.5350 | 0.1327 |
| **United Arab** dirham | 5.5055 | 0.1816 | 3.6733 | 0.2722 |
| **SDR** -f | 0.9307 | 1.0745 | 0.6209 | 1.6104 |

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

## Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

| Price-to-earnings ratio* | Region/Country | Index | PREVIOUS SESSION Close | Net change | Percentage change | PERFORMANCE Yr.-to-date | 52-wk. |
|---|---|---|---|---|---|---|---|
| 45 | **ASIA-PACIFIC** | DJ Asia-Pacific | 120.12 | -0.63 | **-0.52%** | 28.3% | 41.3% |
| ... | Australia | SPX/ASX 200 | 4708.6 | -13.6 | **-0.29** | 26.5 | 31.2 |
| ... | China | CBN 600 | 28288.83 | -1163.78 | **-3.95** | 91.6 | 88.6 |
| 21 | Hong Kong | Hang Seng | 22210.41 | -401.39 | **-1.78** | 54.4 | 63.9 |
| 19 | India | Sensex | 16854.93 | -344.02 | **-2.00** | 74.7 | 86.7 |
| ... | Indonesia | Jakarta Composite | 2393.519 | -68.009 | **-2.76** | 76.6 | 99.1 |
| ... | Japan | Nikkei Stock Average | 9383.24 | -58.40 | **-0.62** | 5.9 | 12.1 |
| ... | | Topix | 829.56 | -3.73 | **-0.45** | -3.5 | 0.1 |
| ... | Malaysia | Kuala Lumpur Composite | 1270.61 | -0.39 | **-0.03** | 44.9 | 46.1 |
| ... | New Zealand | NZSX-50 | 3127.312 | 11.921 | **0.38%** | 15.2 | 17.2 |
| 8 | Pakistan | KSE 100 | 9206.21 | 1.64 | **0.02** | 57.0 | 0.2 |
| 16 | Philippines | Manila Composite | 3089.82 | 25.52 | **0.83** | 65.0 | 57.1 |
| ... | Singapore | Straits Times | 2762.22 | -30.62 | **-1.10** | 56.8 | 61.5 |
| 11 | South Korea | Kospi | 1599.52 | -12.36 | **-0.77** | 42.2 | 50.4 |
| 21 | Taiwan | Weighted | 7739.16 | -17.15 | **-0.22** | 68.6 | 73.8 |
| 10 | Thailand | SET | 685.73 | -9.96 | **-1.43** | 52.4 | 75.9 |
| 50 | **EUROPE** | DJ Stoxx 600 | 240.09 | -7.87 | **-3.18** | 21.9 | 17.9 |
| 22 | | DJ Stoxx 50 | 2441.86 | -79.43 | **-3.15** | 18.2 | 14.7 |
| 40 | **Euro Zone** | DJ Euro Stoxx | 261.08 | -8.21 | **-3.05%** | 17.2% | 17.7% |
| 18 | | DJ Euro Stoxx 50 | 2807.59 | -89.31 | **-3.08** | 14.5 | 15.6 |
| 13 | Denmark | OMX Copenhagen | 305.19 | -4.10 | **-1.33** | 34.9 | 27.5 |
| 19 | Finland | OMX Helsinki | 6101.35 | -185.25 | **-2.95** | 12.9 | 8.4 |
| 19 | France | CAC-40 | 3679.23 | -129.93 | **-3.41** | 14.3 | 13.2 |
| 22 | Germany | DAX | 5614.17 | -188.85 | **-3.25** | 16.7 | 20.3 |
| 16 | Italy | FTSE MIB | 21922.45 | -819.40 | **-3.60** | 12.7 | 8.8 |
| ... | Netherlands | AEX | 306.72 | -11.52 | **-3.62** | 24.7 | 21.1 |
| ... | Russia | RTSI | 1366.85 | -60.70 | **-4.25** | 116.3 | 102.8 |
| 11 | Spain | IBEX 35 | 11657.5 | -308.3 | **-2.58** | 26.8 | 31.7 |
| 14 | Switzerland | SMI | 6283.38 | -138.82 | **-2.16** | 13.5 | 11.4 |
| ... | Turkey | ISE National 100 | 45350.17 | -188.49 | **-0.41** | 68.8 | 78.7 |
| 14 | U.K. | FTSE 100 | 5194.13 | -170.68 | **-3.18** | 17.1 | 22.9 |
| 1 | **AMERICAS** | DJ Americas | 292.56 | -0.84 | **-0.29** | 29.4 | 32.7 |
| ... | Brazil | Bovespa | 66541.55 | -1375.53 | **-2.03** | 77.2 | 82.6 |
| ... | Argentina | Merval | 2166.24 | -87.21 | **-3.87** | 100.6 | 123.0 |
| 20 | Mexico | IPC | 30785.77 | -578.27 | **-1.84** | 37.6 | 54.0 |

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

**Reuters Group PLC** is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

## Dow Jones and Dow Jones Stoxx Indexes

| Dividend yield* | Price-to-earnings ratio* | Dows Jones Index | Last | Net change | PERFORMANCE Daily | Year-to-date | 52-wk. | Three-yr., annualized |
|---|---|---|---|---|---|---|---|---|
| 2.19% | 2 | **DJ Global Index** | 223.69 | -2.56 | **-2.56%** | 36.3% | -1.1% | -6.1% |
| 1.94 | 20 | **Global DOW** | 1961.53 | -14.98 | **-14.98** | 34.7 | -0.8 | -1.9 |
| 2.53 | 98 | **Asia/Pacific 600** | 112.31 | -0.14 | **-0.14** | 28.5 | -0.1 | -6.6 |
| 1.77 | 0 | **Emerging Markets** | 270.87 | -5.42 | **-5.42** | 87.0 | -2.0 | 4.1 |
| 2.26 | 45 | **Asia/Pacific** | 120.12 | -0.64 | **-0.64** | 41.2 | -0.5 | -4.6 |
| 2.49 | 18 | **Asia/Pacific ex-Japan** | 306.86 | -4.46 | **-4.46** | 84.2 | -1.4 | 1.3 |
| 2.71 | 24 | **Southeast Asia** | 153.28 | -1.36 | **-1.36** | 81.2 | -0.9 | 2.8 |
| 0.81 | 35 | **CBN China 600** -c | 28288.83 | -1163.79 | **-1163.79** | 88.6 | -4.0 | 30.2 |
| 0.84 | 37 | **Shanghai** | 376.53 | -16.11 | **-16.11** | 88.1 | -4.1 | 29.7 |
| 0.57 | 57 | **Shenzhen** | 405.11 | -15.28 | **-15.28** | 115.2 | -3.6 | 36.5 |
| 2.10 | 21 | **China Offshore 50** | 4173.22 | -78.28 | **-78.28** | 73.5 | -1.8 | 12.4 |
| 9.10 | 10 | **Australia LPT** -c, d | 1116.25 | -16.50 | **-16.50** | -6.0 | -1.5 | -21.3 |

| Dividend yield* | Price-to-earnings ratio* | Dows Jones Index | Last | Net change | PERFORMANCE Daily | Year-to-date | 52-wk. | Three-yr., annualized |
|---|---|---|---|---|---|---|---|---|
| 2.15% | 15 | **Islamic Market** | 1943.49 | -15.56 | **-15.56%** | 36.5% | -0.8% | -1.7% |
| 2.46 | 16 | **Islamic Market 100** | 2111.38 | -12.68 | **-12.68** | 24.5 | -0.6 | -2.2 |
| 9.78 | 21 | **Bahrain** | 119.86 | -0.41 | **-0.41** | -26.3 | -0.3 | -13.0 |
| 2.84 | 31 | **Kuwait** | 196.14 | 1.68 | **1.68** | -23.7 | 0.9 | -15.8 |
| 2.62 | 19 | **Sustainability** | 1005.72 | -18.46 | **-18.46** | 36.6 | -1.8 | -6.7 |
| 2.81 | 50 | **Stoxx 600 -p** | 278.80 | 3.19 | **3.19** | 45.6 | 1.2 | -7.1 |
| 4.95 | 13 | **Stoxx Select Div 30 -p** | 1844.61 | 9.83 | **9.83** | 39.9 | 0.5 | -19.0 |
| 4.20 | 16 | **Euro Stoxx Sel Div 30 -p** | 2205.43 | 25.86 | **25.86** | 51.4 | 1.2 | -14.5 |
| 1.77 | 30 | **DJ U.S. TSM** | 11356.91 | ... | **...** | 28.3 | ... | -7.0 |
| 4.04 | 15 | **U.S. Select Dividend -d** | 638.45 | ... | **...** | 9.2 | ... | -9.9 |
| 4.75 | | **U.S. REIT** | 136.27 | ... | **...** | 26.0 | ... | -20.5 |
| | | **DJ-UBS Commodity -p** | 137.24 | 3.28 | **3.28** | 10.6 | 2.5 | -6.7 |

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

## Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

| U.S. | US$ | A$ | £ | C$ | YUAN | EURO | HK$ | RUPEE | RUPIAH | YEN | NZ$ | WON | RINGGIT | PH. PESO | S$ | S FRANC | TW$ | BAHT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1.098 | 0.606 | 1.060 | 6.827 | 0.667 | 7.750 | 46.645 | 9415.31 | 86.570 | 1.400 | 1159.35 | 3.394 | 47.020 | 1.385 | 1.006 | 32.265 | 33.155 |
| **Australia** | 0.911 | | 0.552 | 0.965 | 6.219 | 0.608 | 7.061 | 42.496 | 8577.82 | 78.870 | 1.276 | 1056.23 | 3.092 | 42.838 | 1.261 | 0.917 | 29.395 | 30.206 |
| **Britain** | 1.649 | 1.810 | | 1.747 | 11.257 | 1.100 | 12.780 | 76.918 | 15525.85 | 142.754 | 2.309 | 1911.77 | 5.597 | 77.536 | 2.283 | 1.659 | 53.205 | 54.673 |
| **Canada** | 0.944 | 1.036 | 0.572 | | 6.443 | 0.630 | 7.314 | 44.021 | 8885.72 | 81.701 | 1.322 | 1094.14 | 3.203 | 44.375 | 1.307 | 0.950 | 30.450 | 31.290 |
| **China** | 0.1465 | 0.161 | 0.089 | 0.155 | | 0.098 | 1.135 | 6.833 | 1379.22 | 12.681 | 0.205 | 169.83 | 0.497 | 6.888 | 0.203 | 0.147 | 4.726 | 4.857 |
| **Euro** | 1.499 | 1.645 | 0.909 | 1.588 | 10.232 | | 11.616 | 69.912 | 14111.67 | 129.751 | 2.099 | 1737.64 | 5.087 | 70.474 | 2.075 | 1.508 | 48.359 | 49.693 |
| **Hong Kong** | 0.129 | 0.142 | 0.078 | 0.137 | 0.881 | 0.086 | | 6.019 | 1214.85 | 11.170 | 0.181 | 149.59 | 0.438 | 6.067 | 0.179 | 0.130 | 4.163 | 4.278 |
| **India** | 0.0214 | 0.0235 | 0.0130 | 0.0227 | 0.1464 | 0.0143 | 0.1662 | | 201.85 | 1.8559 | 0.0300 | 24.85 | 0.0728 | 1.0080 | 0.0297 | 0.0216 | 0.6917 | 0.7108 |
| **Indonesia** | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0007 | 0.0001 | 0.0008 | 0.0050 | | 0.0092 | 0.0001 | 0.12 | 0.0004 | 0.0050 | 0.0001 | 0.0001 | 0.0034 | 0.0035 |
| **Japan** | 0.012 | 0.013 | 0.007 | 0.012 | 0.079 | 0.008 | 0.090 | 0.539 | 108.76 | | 0.016 | 13.39 | 0.039 | 0.543 | 0.016 | 0.012 | 0.373 | 0.383 |
| **New Zealand** | 0.714 | 0.784 | 0.433 | 0.757 | 4.874 | 0.476 | 5.534 | 33.307 | 6723.00 | 61.815 | | 827.84 | 2.423 | 33.575 | 0.989 | 0.719 | 23.039 | 23.674 |
| **South Korea** | 0.0009 | 0.0009 | 0.0005 | 0.0009 | 0.0059 | 0.0006 | 0.0067 | 0.0402 | 8.12 | 0.0747 | 0.0012 | | 0.0029 | 0.0406 | 0.0012 | 0.0009 | 0.0278 | 0.0286 |
| **Malaysia** | 0.295 | 0.323 | 0.179 | 0.312 | 2.011 | 0.197 | 2.284 | 13.743 | 2774.10 | 25.507 | 0.413 | 341.59 | | 13.854 | 0.408 | 0.296 | 9.506 | 9.769 |
| **Philippines** | 0.021 | 0.023 | 0.013 | 0.023 | 0.145 | 0.014 | 0.165 | 0.992 | 200.24 | 1.841 | 0.030 | 24.66 | 0.072 | | 0.029 | 0.021 | 0.686 | 0.705 |
| **Singapore** | 0.722 | 0.793 | 0.438 | 0.765 | 4.931 | 0.482 | 5.598 | 33.690 | 6800.27 | 62.526 | 1.011 | 837.35 | 2.451 | 33.960 | | 0.727 | 23.304 | 23.946 |
| **Switzerland** | 0.994 | 1.091 | 0.603 | 1.053 | 6.784 | 0.663 | 7.702 | 46.353 | 9356.36 | 86.028 | 1.392 | 1152.09 | 3.373 | 46.726 | 1.376 | | 32.063 | 32.947 |
| **Taiwan** | 0.031 | 0.034 | 0.019 | 0.033 | 0.212 | 0.021 | 0.240 | 1.446 | 291.81 | 2.683 | 0.043 | 35.93 | 0.105 | 1.457 | 0.043 | 0.031 | | 1.028 |
| **Thailand** | 0.030 | 0.033 | 0.018 | 0.032 | 0.206 | 0.020 | 0.234 | 1.407 | 283.98 | 2.611 | 0.042 | 34.97 | 0.102 | 1.418 | 0.042 | 0.030 | 0.973 | |

Source: Thomson Reuters via WSJ Market Data Group

## MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of November. 26, 2009

| Dividend yield | Price-to-earnings ratio | Morgan Stanley Index | Last | LOCAL-CURRENCY PERFORMANCE Daily | YTD | 52-wk. |
|---|---|---|---|---|---|---|
| 2.50% | 23 | **ALL COUNTRY (AC) WORLD*** | 299.51 | 0.88% | **31.5%** | 26.9% |
| 2.60 | 24 | **World (Developed Markets)** | 1,170.71 | 0.91 | **27.2** | 22.3 |
| 1.90 | 1638 | **World Small Cap** | 185.72 | 0.54 | **38.4** | 33.8 |
| 2.70 | 20 | **Kokusai (World ex-Japan)** | 1,165.83 | 0.85 | **30.6** | 24.0 |
| 3.10 | 25 | **EAFE** | 1,597.04 | 1.28 | **29.1** | 28.9 |
| 2.30 | 19 | **Emerging Markets (EM)** | 978.65 | 0.67 | **72.6** | 71.5 |
| 2.70 | 24 | **AC ASIA PACIFIC EX-JAPAN** | 412.31 | 1.07 | **66.7** | 69.2 |
| 2.20 | 25 | **AC Far East ex-Japan** | 443.78 | 0.81 | **62.7** | 68.9 |
| 1.30 | 40 | **Japan** | 519.03 | 0.57 | **-2.1** | -3.7 |
| 2.10 | 20 | **China** | 66.34 | 0.84 | **62.6** | 87.5 |
| 0.90 | 37 | **China A (China Domestic)** | 3,442.94 | 2.40 | **98.5** | 119.8 |
| 2.60 | 23 | **Hong Kong** | 10,166.63 | 1.06 | **55.1** | 58.8 |
| 1.00 | 19 | **India** | 694.12 | 0.21 | **88.0** | 81.3 |
| 0.90 | 24 | **Korea** | 459.79 | 0.32 | **49.8** | 45.4 |
| 2.60 | 21 | **Malaysia** | 471.17 | -0.20 | **46.7** | 48.8 |
| 3.30 | 16 | **Singapore** | 1,565.65 | 0.61 | **57.1** | 56.9 |
| 2.70 | 377 | **Taiwan** | 281.10 | 0.58 | **62.1** | 51.1 |
| 3.10 | 19 | **Thailand** | 284.07 | 3.14 | **53.5** | 66.1 |
| 4.10 | 22 | **Australia** | 971.11 | 0.90 | **26.9** | 17.1 |
| 5.10 | 17 | **New Zealand** | 84.83 | 0.61 | **11.7** | 8.1 |
| 1.90 | 32 | **US BROAD MARKET** | 1,222.10 | 0.46 | **24.4** | 16.0 |
| 3.50 | 17 | **EUROPE** | 86.25 | 0.45 | **24.2** | 10.6 |

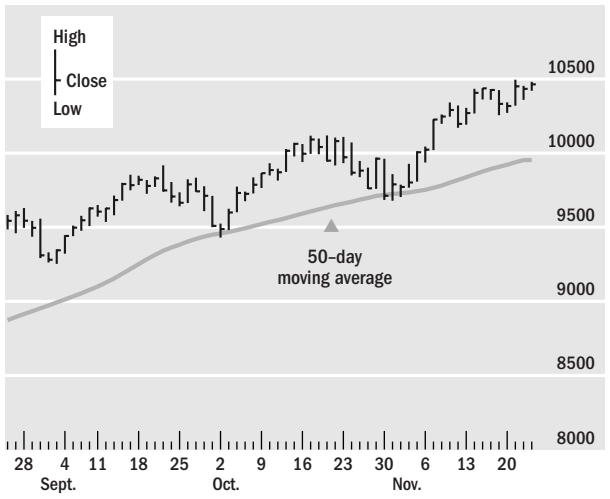
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

# SCANNING THE GLOBE

## Dow Jones Industrial Average P/E: 18

LAST: **10464.40** ▲ 30.69, or 0.29%
YEAR TO DATE: ▲ **1,688.01, or 19.2%**
OVER 52 WEEKS ▲ **1,737.79, or 19.9%**

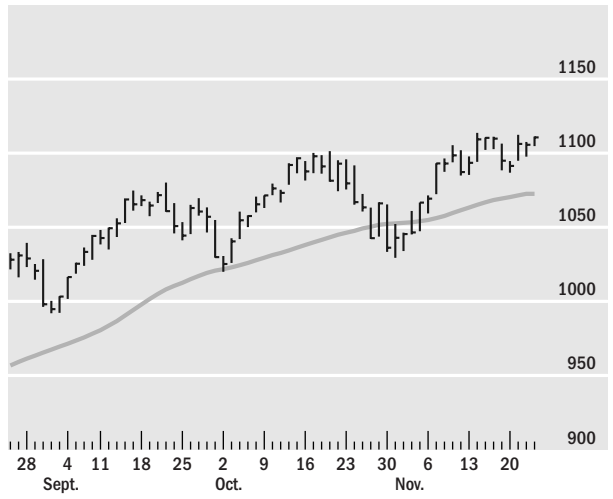



## Nasdaq Composite Index P/E: 44*

LAST: **2176.05** ▲ 6.87, or 0.32%
YEAR TO DATE: ▲ **599.02, or 38.0%**
OVER 52 WEEKS ▲ **711.32, or 42.0%**

## S&P 500 Index P/E: 71

LAST: **1110.63** ▲ 4.98, or 0.45%
YEAR TO DATE: ▲ **207.38, or 23.0%**
OVER 52 WEEKS ▲ **222.95, or 25.1%**




*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

## DJIA component stocks

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **AT&T** | T | **18.40** | $27.08 | -0.02 | **-0.07%** |
| **Alcoa** | AA | **17.20** | 13.00 | 0.08 | **0.62** |
| **AmExpress** | AXP | **6.80** | 41.72 | 0.28 | **0.68** |
| **BankAm** | BAC | **92.70** | 15.95 | -0.15 | **-0.93** |
| **Boeing** | BA | **2.90** | 52.93 | 0.96 | **1.85** |
| **Caterpillar** | CAT | **6.10** | 59.04 | 1.04 | **1.79** |
| **Chevron** | CVX | **6.20** | 79.64 | 0.61 | **0.77** |
| **CiscoSys** | CSCO | **25.00** | 23.74 | 0.00 | **0.00** |
| **CocaCola** | KO | **6.30** | 58.11 | -0.08 | **-0.14** |
| **Disney** | DIS | **9.90** | 30.61 | 0.38 | **1.26** |
| **DuPont** | DD | **2.70** | 35.15 | 0.48 | **1.38** |
| **ExxonMobil** | XOM | **12.00** | 76.47 | 0.50 | **0.66** |
| **GenElec** | GE | **45.60** | 16.18 | 0.06 | **0.37** |
| **HewlettPk** | HPQ | **12.30** | 50.05 | -0.14 | **-0.28** |
| **HomeDpt** | HD | **11.00** | 27.85 | 0.29 | **1.05** |
| **Intel** | INTC | **44.60** | 19.34 | -0.05 | **-0.26** |
| **IBM** | IBM | **3.80** | 127.28 | -0.65 | **-0.51** |
| **JPMorgChas** | JPM | **25.10** | 42.16 | -0.32 | **-0.75** |
| **JohnsJohns** | JNJ | **6.80** | 63.30 | 0.12 | **0.19** |
| **KftFoods** | KFT | **9.20** | 26.80 | -0.42 | **-1.54** |
| **McDonalds** | MCD | **7.40** | 64.45 | 0.23 | **0.36** |
| **Merck** | MRK | **10.50** | 36.57 | 0.35 | **0.97** |
| **Microsoft** | MSFT | **29.10** | 29.79 | -0.12 | **-0.40** |
| **Pfizer** | PFE | **38.40** | 18.59 | 0.28 | **1.53** |
| **ProctGamb** | PG | **7.80** | 62.87 | 0.07 | **0.11** |
| **3M** | MMM | **1.80** | 77.91 | 0.30 | **0.39** |
| **TravelersCos** | TRV | **2.70** | 52.76 | -0.33 | **-0.62** |
| **UnitedTech** | UTX | **2.50** | 68.31 | 0.04 | **0.06** |
| **Verizon** | VZ | **14.90** | 32.03 | 0.16 | **0.50** |
| **WalMart** | WMT | **8.60** | 54.96 | 0.11 | **0.20** |

## U.S. stocks: most active...

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **Citigroup** | C | **200.0** | $4.17 | –$0.04 | **–0.95%** |
| **SPDR S&P 500** | SPY | **100.2** | 111.38 | 0.39 | **0.35** |
| **BankAm** | BAC | **96.9** | 15.95 | –0.15 | **–0.93** |
| **iShrMSCIEmrgMkt** | EEM | **55.2** | 41.75 | 0.48 | **1.16** |
| **GenElec** | GE | **47.6** | 16.18 | 0.06 | **0.37** |
| **iShrRu2000** | IWM | **46.5** | 59.33 | –0.01 | **–0.02** |
| **Intel** | INTC | **46.3** | 19.34 | –0.05 | **–0.26** |
| **SPDR FnclSelSct** | XLF | **44.0** | 14.67 | –0.03 | **–0.20** |
| **Pfizer** | PFE | **41.8** | 18.59 | 0.28 | **1.53** |
| **BrcadeComm** | BRCD | **39.5** | 7.34 | 0.24 | **3.38** |
| **DrxFinancBear 3x** | FAZ | **37.5** | 19.65 | 0.10 | **0.51** |
| **PwrShrs QQQ** | QQQQ | **36.3** | 44.18 | 0.19 | **0.43** |
| **Rentech** | RTK | **36.0** | 1.50 | 0.25 | **20.00** |
| **QwestComm** | Q | **35.6** | 3.91 | 0.13 | **3.44** |
| **3ComCp** | COMS | **34.5** | 7.41 | –0.03 | **–0.40** |

## Biggest gainers...

| | | | | | |
|---|---|---|---|---|---|
| **IBC CapFin** | IBCPO | **112.9** | $13.73 | $5.58 | **68.47%** |
| **BsleyBdcst A** | BBGI | **9.0** | 4.00 | 0.90 | **29.03** |
| **QAD Inc** | QADI | **966.9** | 5.43 | 1.08 | **24.83** |
| **QLT** | QLTI | **1,937.7** | 4.50 | 0.73 | **19.36** |
| **GeoglblRes** | GGR | **817.4** | 2.49 | 0.36 | **16.90** |

## ...Biggest losers

| | | | | | |
|---|---|---|---|---|---|
| **Benihana A** | BNHNA | **896.7** | $3.55 | -$1.64 | **-31.60%** |
| **Benihana** | BNHN | **128.2** | 3.95 | -1.60 | **-28.83** |
| **Dataram** | DRAM | **2,837.4** | 4.07 | -1.32 | **-24.49** |
| **FrontierFnl** | FTBKD | **40.7** | 4.21 | -1.02 | **-19.56** |
| **TelBrasl ADS** | TBH | **1,755.0** | 5.77 | -1.23 | **-17.57** |

## ADRs of Asian companies*

| 52-WEEK High | 52-WEEK Low | Stock | Symbol | Volume, in OOOs | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|---|---|
| $11.39 | $5.72 | **Taiwan Semi** | TSM | **5,700.0** | $10.48 | 0.07 | **0.67%** |
| 77.51 | 30.63 | **BHP Billiton** | BHP | **3,066.9** | 77.51 | 3.22 | **4.33** |
| 3.87 | 1.62 | **Utd Microelectronics** | UMC | **3,013.9** | 3.54 | 0.03 | **0.85** |
| 11.73 | 5.31 | **AU Optrncs** | AUO | **2,310.3** | 10.24 | 0.35 | **3.54** |
| 6.84 | 3.71 | **Mitsu UFJ Fnl** | MTU | **1,823.1** | 5.13 | -0.03 | **-0.58** |
| 8.19 | 3.14 | **Siliconware Prec Ind** | SPIL | **1,752.9** | 6.94 | 0.03 | **0.43** |
| 9.50 | 3.96 | **Nomura Hldgs** | NMR | **1,386.0** | 6.72 | 0.07 | **1.05** |
| 18.80 | 12.59 | **SK Telecom** | SKM | **1,286.3** | 17.44 | 0.26 | **1.51** |
| 59.22 | 40.20 | **China Mobile** | CHL | **1,182.7** | 48.78 | -0.15 | **-0.31** |
| 15.95 | 8.56 | **China Unicom** | CHU | **973.9** | 13.83 | 0.17 | **1.24** |
| 52.99 | 21.87 | **Infosys Tech** | INFY | **912.3** | 52.64 | 0.85 | **1.64** |
| 79.00 | 36.22 | **China Life Ins** | LFC | **741.6** | 78.85 | 2.92 | **3.85** |
| 30.82 | 15.64 | **Sony** | SNE | **682.0** | 27.46 | 0.84 | **3.16** |
| 32.79 | 9.38 | **Aluminum Cp of China** | ACH | **597.7** | 28.80 | 1.00 | **3.60** |
| 32.99 | 17.35 | **Honda Motor** | HMC | **596.7** | 31.75 | 1.40 | **4.61** |
| 15.29 | 6.85 | **Korea Elec Pwr** | KEP | **378.9** | 14.28 | -0.01 | **-0.07** |
| 150.50 | 47.09 | **POSCO** | PKX | **371.8** | 124.69 | 4.02 | **3.33** |
| 19.56 | 15.05 | **ChunghwaTel** | CHT | **371.2** | 17.96 | -0.07 | **-0.39** |
| 17.66 | 10.46 | **KT Corp** | KTC | **323.8** | 17.27 | 0.15 | **0.88** |
| 87.67 | 55.41 | **Toyota Motor** | TM | **313.4** | 77.86 | 1.81 | **2.38** |
| 20.55 | 4.43 | **Yanzhou Coal Mining** | YZC | **307.6** | 20.50 | 0.44 | **2.19** |
| 7.10 | 2.00 | **Alumina** | AWC | **290.1** | 6.05 | 0.09 | **1.51** |
| 94.00 | 46.45 | **China Petro & Chem** | SNP | **269.2** | 87.70 | 1.38 | **1.60** |
| 4.63 | 1.36 | **Adv Semi Engrg** | ASX | **253.8** | 4.22 | 0.01 | **0.24** |
| 135.92 | 63.94 | **PetroChina** | PTR | **243.3** | 130.13 | 2.19 | **1.71** |
| 27.96 | 17.71 | **NTT** | NTT | **229.9** | 20.87 | 0.26 | **1.26** |
| 167.15 | 66.52 | **CNOOC** | CEO | **214.3** | 162.59 | 3.04 | **1.91** |
| 56.41 | 31.92 | **ChinaTele** | CHA | **200.9** | 45.92 | 0.91 | **2.02** |
| 41.25 | 21.23 | **Canon** | CAJ | **183.8** | 38.33 | 0.69 | **1.83** |
| 20.35 | 13.11 | **NTT DoCoMo** | DCM | **164.1** | 14.96 | 0.32 | **2.19** |

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

## Global government bonds

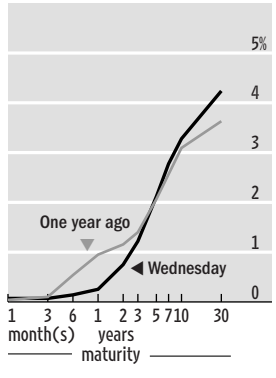
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

| Coupon | Country/ Maturity, in years | Yield | SPREAD OVER TREASURYS, in basis points Latest | Previous | Month ago | Year ago | YIELD Previous | Month ago | Year ago |
|---|---|---|---|---|---|---|---|---|---|
| 5.750% | **Australia** 2 | **4.410%** | **366.8** | 374.8 | 390.8 | **209.8** | **4.490%** | 4.939% | **3.216%** |
| 4.500 | 10 | **5.340** | **207.2** | 212.5 | 222.7 | **163.9** | **5.457** | 5.785 | **4.629** |
| 5.250 | **Austria** 2 | **0.901** | **15.9** | 21.7 | 1.2 | **118.3** | **0.959** | 1.043 | **2.301** |
| 4.350 | 10 | **3.512** | **24.4** | 24.8 | 12.9 | **93.1** | **3.580** | 3.687 | **3.921** |
| 3.500 | **Belgium** 2 | **1.037** | **29.5** | 39.3 | 15.1 | **147.8** | **1.135** | 1.182 | **2.596** |
| 4.000 | 10 | **3.583** | **31.5** | 30.3 | 16.1 | **100.9** | **3.635** | 3.719 | **3.999** |
| 1.250 | **Canada** 2 | **1.118** | **37.6** | 41.5 | 33.9 | **62.0** | **1.157** | 1.370 | **1.738** |
| 3.750 | 10 | **3.215** | **-5.3** | -4.6 | -1.5 | **37.0** | **3.286** | 3.543 | **3.360** |
| 4.000 | **Denmark** 2 | **2.151** | **140.9** | 144.8 | 138.4 | **265.4** | **2.190** | 2.415 | **3.772** |
| 4.000 | 10 | **3.548** | **28.0** | 29.7 | 16.8 | **91.9** | **3.629** | 3.726 | **3.909** |
| 1.500 | **France** 2 | **1.191** | **44.9** | 53.6 | 42.8 | **144.2** | **1.278** | 1.459 | **2.560** |
| 3.750 | 10 | **3.435** | **16.7** | 18.1 | 8.0 | **72.9** | **3.513** | 3.638 | **3.719** |
| 1.250 | **Germany** 2 | **1.269** | **52.7** | 61.7 | 34.8 | **110.1** | **1.359** | 1.379 | **2.219** |
| 3.250 | 10 | **3.162** | **-10.6** | -7.2 | -19.6 | **31.9** | **3.260** | 3.362 | **3.309** |
| 0.550 | **Hong Kong** 2 | **0.533** | **-20.9** | -20.4 | -50.1 | **-30.0** | **0.538** | 0.530 | **0.818** |
| 2.640 | 10 | **2.304** | **-96.4** | -101.8 | -124.7 | **-131.1** | **2.314** | 2.311 | **1.679** |
| 3.750 | **Italy** 2 | **1.593** | **85.1** | 83.9 | 57.1 | **206.6** | **1.581** | 1.602 | **3.184** |
| 4.250 | 10 | **4.053** | **78.5** | 72.4 | 49.5 | **141.6** | **4.056** | 4.053 | **4.406** |
| 0.300 | **Japan** 2 | **0.240** | **-50.2** | -50.2 | -74.1 | **-52.3** | **0.240** | 0.290 | **0.595** |
| 1.300 | 10 | **1.285** | **-198.3** | -202.2 | -217.8 | **-158.0** | **1.310** | 1.380 | **1.410** |
| 4.000 | **Netherlands** 2 | **0.882** | **14.0** | 22.3 | -0.9 | **117.6** | **0.965** | 1.022 | **2.294** |
| 4.000 | 10 | **3.409** | **14.1** | 15.4 | 7.3 | **70.7** | **3.486** | 3.631 | **3.697** |
| 3.200 | **Portugal** 2 | **1.261** | **51.9** | 50.1 | 25.9 | **187.3** | **1.243** | 1.290 | **2.991** |
| 4.750 | 10 | **3.776** | **50.8** | 46.9 | 34.8 | **104.6** | **3.801** | 3.906 | **4.036** |
| 5.350 | **Spain** 2 | **1.344** | **60.2** | 66.3 | 49.3 | **163.3** | **1.405** | 1.524 | **2.751** |
| 4.300 | 10 | **3.761** | **49.3** | 48.8 | 32.8 | **89.6** | **3.820** | 3.886 | **3.886** |
| 4.000 | **Switzerland** 2 | **0.438** | **-30.4** | -26.6 | -49.0 | **15.0** | **0.476** | 0.541 | **1.268** |
| 3.000 | 10 | **1.892** | **-137.6** | -141.8 | -141.0 | **-81.6** | **1.914** | 2.148 | **2.174** |
| 3.250 | **U.K.** 2 | **1.155** | **41.3** | 46.6 | -12.1 | **111.4** | **1.208** | 0.910 | **2.232** |
| 4.500 | 10 | **3.537** | **26.9** | 30.0 | 13.9 | **79.7** | **3.632** | 3.697 | **3.787** |
| 0.750 | **U.S.** 2 | **0.742** | **...** | ... | ... | **...** | **0.742** | 1.031 | **1.118** |
| 3.375 | 10 | **3.268** | **...** | ... | ... | **...** | **3.332** | 3.558 | **2.990** |

Source: Thomson Reuters

## U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.




| Ryan Index | Yield to maturity | Modified duration | TOTAL RETURN Month to-date | Quarter to-date | Year to-date | 12-month |
|---|---|---|---|---|---|---|
| **30-year Treasury** | **4.238%** | 16.75 | 0.41% | –2.31% | –20.85% | –6.34% |
| **10-year Treasury** | **3.279** | 8.41 | 1.23 | 0.84 | –5.38 | 1.76 |
| **7 Year Treasury** | **2.775** | 6.33 | 1.64 | 1.75 | ... | ... |
| **Five-year Treasury** | **2.118** | 4.72 | 1.29 | 1.68 | 1.66 | 4.77 |
| **Ryan Index** | **2.397** | 6.85 | 0.98 | 0.66 | –3.77 | 2.15 |
| **3 Year Treasury** | **1.219** | 2.90 | 0.81 | 1.14 | 2.22 | 3.81 |
| **Two-year Treasury** | **0.750** | 1.98 | 0.46 | 0.76 | 1.90 | 2.91 |
| **1 Year Treasury** | **0.254** | 0.98 | 0.18 | 0.30 | 1.05 | 1.74 |
| **Six-month Treasury** | **0.142** | 0.50 | 0.04 | 0.07 | 0.64 | 0.98 |
| **Ryan Cash Index-a** | **0.134** | 0.45 | 0.06 | 0.11 | 0.54 | 0.81 |
| **Three-month bill** | **0.071** | 0.25 | 0.01 | 0.04 | 0.35 | 0.36 |
| **One-month bill** | **0.071** | 0.07 | ... | 0.01 | 0.14 | 0.14 |

a-Performance of a cash investment

Source: Ryan ALM

## Key money rates

| | Latest | 52 wks ago |
|---|---|---|
| **Prime rates** | | |
| U.S. | **3.25%** | 4.00% |
| Canada | **2.25** | 4.00 |
| Japan | **1.475** | 1.675 |
| Britain | **0.50** | 3.00 |
| ECB | **1.00** | 3.25 |
| Switzerland | **0.52** | 2.02 |
| Australia | **3.50** | 5.25 |
| Hong Kong | **5.25** | ... |
| **Libor** | | |
| One month | **0.23406%** | 1.90000% |
| Three month | **0.25438** | 2.20250 |
| Six month | **0.47625** | 2.56750 |
| One year | **1.00313** | 2.74750 |

| | Latest | 52 wks ago |
|---|---|---|
| **Euro Libor** | | |
| One month | **0.41250%** | 3.58000% |
| Three month | **0.67813** | 3.87375 |
| Six month | **0.97875** | 3.93125 |
| One year | **1.22125** | 3.98250 |
| **Hibor** | | |
| One month | **0.05821** | 1.05071% |
| Three month | **0.10964** | 1.99643 |
| Six month | **0.28714** | 2.29929 |
| One year | **0.56714** | 2.49929 |
| **Asian dollars** | | |
| One month | **0.2424%** | 1.80% |
| Three month | **0.2666** | 2.2100 |
| Six month | **0.4804** | 2.5620 |
| One year | **1.0094** | 2.7400 |

| | Offer | Bid |
|---|---|---|
| **Eurodollars** | | |
| One month | **0.2800%** | 0.1800% |
| Three month | **0.3400** | 0.2400 |
| Six month | **0.4500** | 0.3500 |
| One year | **1.2500** | 0.6500 |

| | Latest | 52 wks ago |
|---|---|---|
| **U.S. discount** | **0.50%** | 1.25% |
| **Fed-funds target** | **0.25** | 1.00 |
| **Call money** | **2.00** | 2.75 |
| **Overnight repurchase rates** | | |
| U.S. | **0.18%** | ... |
| U.K. (BBA) | **0.475** | 2.670 |
| Euro zone | **0.36** | 2.94 |

Sources: WSJ Market Data Group; Reuters

# MARKETS LINEUP

## Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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## Asian index movers...

### Nikkei Stock Average
Japan 9383.24
▼ **0.62% or 58.40**

The index closed at its lowest level in more than four months as the dollar's sharp fall against the yen hurt major exporter shares such as Toyota Motor and Canon.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Mizuho Financial | **145.06** | 154 | unch. | ... |
| Mtshbsh Fin Grp | **90.35** | 454 | –1 | –0.22 |
| Hitachi | **75.97** | 238 | 1 | 0.42 |
| NEC | **66.54** | 210 | unch. | ... |
| Toshiba | **52.34** | 447 | –3 | –0.67 |

### CBN 600
China 28288.83
▼ **3.95% or 1,163.78**

The benchmark surrendered Wednesday's gains as the possibility of a tighter monetary policy and banks' fund-raising plans continued to weigh on investors.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| China State Con | **729.82** | 4.92 | –0.08 | –1.60 |
| Zijin Mining | **475.16** | 10.83 | –0.15 | –1.37 |
| ChinaMinshengBkg | **454.87** | 7.88 | –0.48 | –5.74 |
| ChinaVankeCoA | **310.78** | 11.91 | –0.19 | –1.57 |
| Icbc | **279.01** | 5.18 | –0.15 | –2.81 |

### Sensex
India 16854.93
▼ **2.00% or 344.02**

A selloff in most blue chips on the day of expiry of monthly derivative contracts and gloomy Asian markets dragged the index lower. Reliance Industries slid 2.9%

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Tata Steel-A | **4.64** | 543.45 | –18.75 | –3.34 |
| Hindalco-A | **3.88** | 133.20 | –2.15 | –1.59 |
| Dlf-A | **2.45** | 354.25 | –7.90 | –2.18 |
| Jaiprak Asso-A | **2.00** | 221.25 | –4.55 | –2.02 |
| Bharti Airtel-A | **1.43** | 281.00 | –0.10 | –0.04 |

### Hang Seng
Hong Kong 22210.41
▼ **1.78% or 401.39**

A sharp decline on the Shanghai bourse and weakness in Chinese banks sent this market lower. China Minsheng Banking dropped 3.1% below its IPO price on its debut.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Bank Of China | **718.65** | 4.35 | –0.13 | –2.90 |
| CCB | **512.36** | 6.89 | –0.26 | –3.64 |
| Icbc | **428.84** | 6.61 | –0.19 | –2.79 |
| ChinaPetroChem | **110.32** | 6.61 | –0.14 | –2.07 |
| PetroChina | **90.45** | 9.87 | –0.19 | –1.89 |

## Asian stocks in the news

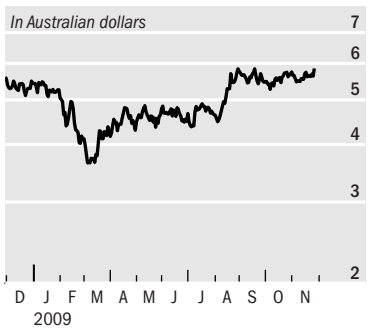
### Nitori
Japan ¥7,130
▲ **3.6% or ¥250**

The furniture chain, a big importer, gained as the yen rose against the dollar.

| | Price-to-earnings ratio | | | 18 |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | 391.50 |
| | Dividend yield | | | 0.7 |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Retail | | **0.3%** | 1.0% | 33.8% |
| Nitori | | **3.6%** | -3.5% | 3.5% |

### Amcor
Australia A$5.85
▲ **3.9% or A$0.22**

European authorities will seek only minor asset sales to let Amcor buy $2 billion of Alcan assets.




| | Price-to-earnings ratio | | | 23 |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | 0.25 |
| | Dividend yield | | | 2.9 |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Indus Gds & Svcs | | **0.1%** | 0.8% | 51.8% |
| Amcor | | **3.9%** | 3.5% | 4.4% |

### Bk of East Asia
Hong Kong HK$35.00
▲ **4.0% or HK$1.35**

Citigroup upgraded the bank to "buy" from "sell" and raised its price target for the lender.

| | Price-to-earnings ratio | | | 153 |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | 0.23 |
| | Dividend yield | | | 0.9 |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Banks | | **-1.5%** | -1.6% | 45.0% |
| Bk of East Asia | | **4.0%** | 7.2% | 139.1% |

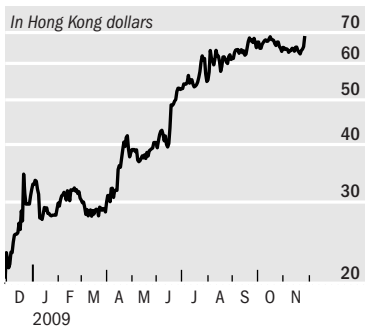
### Mitsui Chemicals
Japan ¥211
▲ **4.5% or ¥9**

UBS raised its rating on the stock to "neutral."

| | Price-to-earnings ratio | | | None |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | -38.20 |
| | Dividend yield | | | None |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Chemicals | | **...** | 1.2% | 47.5% |
| Mitsui Chemicals | | **4.5%** | -5.4% | -41.4% |

### VTECH Hldgs
Hong Kong HK$68.80
▲ **5.4% or HK$3.55**

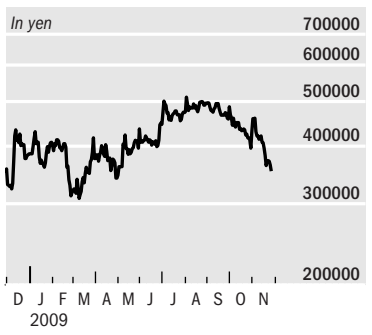
Credit Suisse raised its target for the stock to 83 Hong Kong dollars (US$10.71) from HK$50.




| | Price-to-earnings ratio | | | 15 |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | 4.53 |
| | Dividend yield | | | 6.4 |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Technology | | **-0.5%** | -0.2% | 67.4% |
| VTECH Hldgs | | **5.4%** | 8.5% | 236.4% |

### Japan Retail Fund Inv
Japan ¥353,000
▼ **3.0% or ¥11,000**

The company said it is considering selling shares to raise capital.




| | Price-to-earnings ratio | | | None |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | n.a. |
| | Dividend yield | | | 3.8 |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Real Estate | | **-0.6%** | -0.7% | 49.0% |
| Japan Retail Fund Inv | | **-3.0%** | -2.8% | 0.9% |

### Sanyo Elec
Japan ¥152
▼ **3.2% or ¥5**

Fear over competition from Sony in supplying lithium-ion batteries for cars weighed on the stock.

| | Price-to-earnings ratio | | | None |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | -10.20 |
| | Dividend yield | | | None |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Personal & Hshld Gds | | **0.1%** | 1.1% | 23.6% |
| Sanyo Elec | | **-3.2%** | -1.9% | -0.7% |

### QBE Ins Grp
Australia A$22.43
▼ **3.3% or A$0.76**

Losses by U.S. financial-services stocks on Wednesday pulled their Australian counterparts lower.

| | Price-to-earnings ratio | | | 10 |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | 2.14 |
| | Dividend yield | | | 2.8 |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Insurance | | **-1.6%** | 0.3% | 22.9% |
| QBE Ins Grp | | **-3.3%** | -0.5% | -0.3% |

### Isuzu Motors
Japan ¥142
▼ **4.7% or ¥7**

Shares of exporters declined as the dollar fell sharply against the yen.

| | Price-to-earnings ratio | | | None |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | -11.20 |
| | Dividend yield | | | None |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Indus Gds & Svcs | | **0.1%** | 0.8% | 51.8% |
| Isuzu Motors | | **-4.7%** | -6.6% | 23.5% |

### Asahi Glass
Japan ¥739
▼ **7.9% or ¥63**

The company said late Wednesday it plans an offering of convertible bonds.

| | Price-to-earnings ratio | | | None |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | -4.20 |
| | Dividend yield | | | 2.2 |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Constructn & Matl | | **-1.6%** | -0.8% | 41.5% |
| Asahi Glass | | **-7.9%** | -5.5% | 42.7% |

# HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

## A trade that's too big to foil

One thing certainly isn't any cheaper this holiday season: Aluminum foil. A mere irritant for turkey gobblers, that ought to make central bankers lose their appetite.

Aluminum costs just over $2,000 per metric ton, based on London Metal Exchange three-month futures, up 13% from this time last year. That doesn't make it a star performer in the commodities world: Gold has jumped 45% in that time.

Unlike gold, aluminum isn't a traditional financial hedge, but an industrial metal. Battered sectors like construction, transportation and packaging account for roughly two-thirds of consumption.

With demand down, LME inventories of the metal have jumped to about 7 weeks' worth of consumption, a level last seen in the mid-1990s according to Deutsche Bank. Supply-and-demand fundamentals don't get much worse than that. Even China doesn't help aluminum's bull case: The country has expanded smelting capacity by 25% a year over the past decade.

**Bucking the trend**

**London Metal Exchange three-month aluminum futures**

Source: London Metal Exchange via WSJ Market Data Group

So why is aluminum holding up so well? The first clue is to be found in the currency markets. Spot aluminum has risen 21% in dollar terms this year but 13% in euro terms.

Dollar depreciation has been a factor pushing up the prices of many commodities. Another factor, driven similarly by loose monetary policy, is the carry trade.

Daniel Brebner, metals analyst at Deutsche Bank, estimates up to three-quarters of the 4.6 million metric tons of aluminum in LME warehouses is held by financial buyers.

In crude terms, a bank borrowing at Libor could buy a metric ton of aluminum for $1,994, fund it 80% with debt, and sell three-month futures at $2,028. Factor in storage costs of 25 cents per ton per day, and the implied return is 1.9%. That doesn't sound like much, but the trade is virtually risk-free and the three-month return from holding Treasury bills is basically zero.

The upward-sloping futures curve, or contango, suggests anticipation of economic recovery. But Jim Southwood, president of CRU Price Risk Management, says "the price today is fully incorporating a full recovery back to 2007 or 2008 levels by the middle of 2010." He calculates the implied amount of aluminum accounted for by commodity-index-fund positions roughly doubled between March and October. That long money, which often invests in futures, may explain why the contango yield extends years into the future, rather than the more usual matter of months.

Similar carry-trade and dollar-hedging activity in energy markets also boosts aluminum prices, since electricity accounts for roughly a third of the cost of refining the metal.

For the likes of the U.S. Federal Reserve, aluminum offers a case study in what zero interest rates and quantitative easing do to asset prices. The inflationary implications ought also to worry central bankers. Conversely, should policy makers unexpectedly decide to act on those worries, and raise rates, the carry trade underpinning many commodities could unwind very quickly.

**Why is aluminum holding up so well? The first clue is found in the currency markets.**

*—Liam Denning*

## Dubai's caustic lesson for banks

The last year has firmly embedded moral hazard throughout the financial system. But is Dubai about to give international banks a lesson in what happens when a government doesn't bail out its big companies as hoped?

Government-controlled **Dubai World** shocked investors Wednesday by seeking a standstill agreement on its debt to give itself time to be restructured. Most had expected that the government would stand behind the company.

Oil-rich neighbor Abu Dhabi is unlikely to allow Dubai itself to fail. But the sudden decision to restructure private-sector debts—so close to the maturity next month of a $3.52 billion bond issued by Dubai World's real-estate subsidiary Nakheel—shows that bailouts will be selective.

Rather than fostering moral hazard by making lenders whole, Dubai, out of necessity, looks set to make them share the pain.

With international institutions also reeling from losses in Saudi Arabia, it raises questions over how much appetite they will have for lending to parts of the region when the sandstorm abates.

*—Andrew Critchlow*

## Japan's 'parasites' leave style in lurch

Parasites. Not quite the right association for purveyors of $1,000, buttery-soft leather handbags and expensive shoes.

But they are just what Europe's fashion houses have counted on since the 1990s, at least in Japan.

"Parasite singles," to be exact, is the rather unflattering name given to a key Japanese demographic: unmarried women and men in their 20s and early 30s living with their parents and able to blow large portions of their paychecks on themselves.

Nearly half of Japan's single men and women between the age of 20 and 34 live at home. Their absolute numbers declined 5% in the past year to 11 million, but their proportion of that age cohort didn't change.

Now, this group is losing its yen to spend—and sales of European-made handbags, shoes and watches are tumbling.

Insecurity over jobs, if they can get one, plus falling wages and sluggish economic growth, all account for the decline in spending power.

Japan is a key market for European luxury brands. The country accounted for 14% of their revenue in 2008. Include Japanese tourists shopping overseas and the figure almost doubles for some brands like Hermes and **Bulgari**, according to UBS. In 2014, the Japanese will account for only 9%.

Retailers are already cutting back. Versace has shuttered its outlets in Japan, while Louis Vuitton recently canceled plans for a glitzy new megastore in the Ginza, Tokyo's equivalent of New York's Fifth Avenue.

**Fast Retailing***

**Thursday's close: ¥16,200, up 2.3%**

* Owner of the Uniqlo brand

Source: Thomson Reuters Datastream

Still, not everyone is missing the high-spending days.

Japan's **Fast Retailing**, with its cheap-but-chic clothing, has been cashing in, as people match $2,000 watches with $23 fleece jackets.

Fast Retailing, best known for its low-cost brand Uniqlo, last month posted a 14% rise in profit in the year through August and expects a 25% increase this year to $713 million.

To catch higher price points using designer cachet, Uniqlo started selling Jil Sander-designed clothing last month. And Sweden's **Hennes & Mauritz**, or H&M, which entered Japan last year, started selling Jimmy Choo-designed goods this month.

Clearly, parasites are falling out of fashion, at least in Japan.

*—James Simms*

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